



Housing
Executive

49th
ANNUAL
REPORT

1 April 2019 - 31 March 2020

**Northern Ireland Housing Executive Annual Report & Accounts
For the year ended 31 March 2020**

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

on

26th October 2020

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Performance Report

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

This annual report covers the year 1st April 2019 to 31st March 2020. It offers some insights into the unprecedented and unexpected challenges that we have faced, along with some of the exceptional work that has been carried out over the past year. While the challenges associated with COVID-19 started just before the end of the financial year that this report covers, their impact is still being felt across Northern Ireland and beyond; the pandemic knows no boundaries and neither does its consequences. It would, therefore, be remiss not to include reference to some of them in this report.

As we enter our 50th year, the impact of COVID-19 has illustrated that the core services that we provide to the citizens of Northern Ireland are as important now as they were in 1971, when we were founded. Then, as now, we place great emphasis on ensuring that we serve the needs of all those who require housing and we seek also to meet many of the wider requirements of urban and rural communities.

The Housing Executive provides excellent housing services, tailored support and good quality homes. In these difficult and testing times, our staff have displayed a high level of commitment, care and professionalism in the delivery of these services. My colleagues and our partners have adapted willingly to the circumstances brought about by COVID-19, and the Board is very grateful to both our staff and our external partners for all that has been done to maintain services and support for our tenants and other service users.

This year saw many achievements in our key areas of activity, with the vast majority of our statutory and non-statutory targets being met or exceeded. In some areas of activity the impact of COVID-19 meant that we had to suspend temporarily a number of non-essential services in order to protect our tenants, customers and staff.

As one of the largest social landlords in the UK, we continue to match and outperform many other providers in terms of rent collection, tenant involvement and customer feedback. We continue to support tenants through our provision of financial advice, tackling anti-social behaviour, encouraging community involvement and cohesion, promoting social enterprise and enabling neighbourhood development. We also continue to invest in our homes through our programme of improvements and maintenance, with health and safety being a key aspect of this work. We continue to administer over £500 million in Housing Benefit to tenants in the social and private sectors, as well as assisting tenants affected by the Social Sector Size Criteria and those claiming Universal Credit.

The recently launched COVID-19 Community Fund highlights our efforts, and the commitment of our staff, to support communities at this difficult time. Over 200 groups applied to the £260,000 Fund for money to enable them to provide care and assistance to some of the most vulnerable people within our communities in order to ensure they can stay safe and connected.

In our role as the housing authority for Northern Ireland we deliver a wide range of functions alongside the Department for Communities, housing associations, the statutory and voluntary sectors and many other organisations. These functions have a positive impact on individual households and the wider community. During the year almost 20,000 vulnerable people were assisted through Supporting People funding. Last year, despite the impact of Covid-19 on the construction industry, we oversaw the new build programme that completed 761 new social homes. During 2019/2020, 1,119 Disabled Facilities Grants were approved to the value of £12 million and 6,796 projects were completed across 4,755 homes under the Affordable Warmth and Boiler Replacement schemes, costing £13.8 million.

We continue to offer support and guidance to tenants, as well as providing a range of housing options to an increasing number of households who are homeless or in housing stress. Last year 6,654 social homes were allocated, a £103.5 million programme of maintenance schemes and housing stock improvements was delivered and over 320,000 repairs were carried out. We also completed 161 major adaptations and 5,271 minor adaptations to support independent living.

We also supported the delivery of community planning in each of the council areas and assisted all 11 councils to prepare their Local Development Plans. The research we carried out during the year not only helped to inform plans at local level, but was also used to inform housing policy and practice in Northern Ireland and beyond.

I would like to thank Deirdre Hargey, the Minister for Communities, and our Permanent Secretary, Tracy Meharg, for their support for housing and the Housing Executive throughout the year. Our partnership with the Department for Communities is the essential platform upon which we can deliver an extended and more ambitious programme aimed at meeting unmet housing need and providing support for sustainable communities.

I would also like to thank the Housing Community Network, the 500 plus community groups we work with, all the Supporting People providers, our many contractors and, especially, all the local voluntary organisations who do so much to support people in their communities. Our strength emanates from a shared desire to improve housing conditions and strengthen community cohesion; the Housing Executive cannot do this alone, and we need the active support of all those we work with.

In addition, I want to thank my fellow Board Members and all our staff colleagues for all their work over the year. One of the key functions of the Board of the Housing Executive is to work alongside the staff in order to ensure that the organisation achieves its targets, provides value for money and meets the governance requirements expected of a large public body. During the course of the year, the Board agenda covered a range of significant and challenging matters including: our plans for tower blocks; Homeless Action Plans; our Older People Strategy; environmental issues; the continuing impact of Welfare Reform on our tenants; our Supporting People programmes and our Social Enterprise work. As Board Members we experience the work of our staff colleagues at first hand and we understand and appreciate many of the difficulties that they encounter. Our colleagues represent the very best of public service and we owe them a substantial debt of gratitude.

Our local teams and our colleagues across the housing sector, local representatives and community groups deal with an increasing number of people in poverty, who are not only struggling to pay housing costs, but also find it difficult to afford other essentials. The impact of COVID-19 has exacerbated many of these issues and it is likely that the months ahead will be extremely challenging. We are dealing with increasing numbers of individuals with physical and mental health problems, including those with addictions, who require long-term housing and associated support.

The case for a strong, strategic housing authority is as powerful as ever. We are reaching a point when many of the successes in housing that have been achieved by the Housing Executive and our colleagues in housing associations and the wider housing community, could start to diminish. Only by working in partnership with our sponsor Department, housing associations, local councils, contractors, community organisations and, especially, local people will we be able to ensure that we can enhance the lives of everyone. In order to continue to provide a quality service to the people of Northern Ireland we must build on the success of the past five decades and ensure that our communities are sustainable, now and in the future.

A handwritten signature in black ink, appearing to read 'Peter Roberts', with a large, sweeping flourish extending upwards and to the right.

Professor Peter Roberts
Chair

Date: 16 October 2020

Overview

The Northern Ireland Housing Executive was established by the Housing Executive Act (Northern Ireland) 1971. From 1 April 2014, following a review by the Office for National Statistics, the budgetary classification of the Housing Executive changed from solely being a Public Corporation. It now operates, for budgetary purposes, under two different regimes. Landlord Services (Housing Services and Asset Management Divisions) is now classified as a Quasi-Public Corporation (which is similar to the previous designation for the entire organisation), while Regional Services is categorised as a Non-Departmental Public Body (NDPB).

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

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

Support Services provide the necessary support to underpin Landlord Services and Regional Services. Support Services is made up of our Corporate Services and Finance, Audit and Assurance Divisions. A new Director of Corporate Services was appointed, and took up post on 1st May 2019. Key services delivered across this division includes; Corporate Business Planning and Performance, Communications, Legal Services and Data Protection, Equality and Safeguarding and Human Resources. Finance, Audit and Assurance Division provides Corporate Accounting, Financial Support IT, Housing Benefit (which we administer on behalf of the Department), Internal Audit, Risk and Governance, and Counter Fraud and Security.

Our Vision and Core Values

OUR VISION:

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

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

PEOPLE



To provide housing solutions, services and support to the people of Northern Ireland.

PROPERTY



To ensure everyone has access to a quality home which is safe, affordable, warm and appropriate to their needs.

PLACES



To work with others to develop, maintain and sustain attractive, connected, healthy and economically active places.

We have **4** high level outcomes:

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

We have **1** set of values:

Making a difference;
Fairness;
Passion;
Expertise.

OUR MAIN ACTIVITIES UNDER ONE ROOF



Our Role and Purpose

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

Our Commitment

Our annual report gives an account of Housing Executive activities over the last 12 months. It looks at the range of responsibilities that cover our strategic role across the wider housing market and our operational role, which delivers services and support to all customers, across all tenures. You will see in this report the many examples of how the Housing Executive continues to make a real difference to many people and communities across all parts of Northern Ireland.

By the end of the financial year, the Housing Executive, like all of us, was beginning to see the early impact of COVID-19. The professionalism and dedication of my colleagues became even more apparent as they continued to provide vital services to our customers in the most challenging and unique circumstances. This was not an easy task, and the health and safety of our customers, staff and contractors was accorded a very high priority during 'lockdown' as we quickly put in place new working practices to comply with social distancing requirements and significant working from home. And we will continue to have a cautious, responsible and sensible approach as we move, hopefully quickly, to more normal circumstances.

My colleagues in our Homelessness and Supporting People teams ensured that those most in need continued to be provided with the correct housing advice and support, quick access to temporary accommodation where necessary, and that no one was rough sleeping. I was particularly impressed by the fantastic spirit of partnership working as colleagues in different bodies – Housing Executive, Department for Communities, homelessness organisations – came together to tackle the common goal of looking after all our citizens and making sure no-one was left alone on the streets. Our challenge, as we emerge from the COVID-19 emergency, must be that we do our absolute best to make sure that no-one will have to sleep on our streets again.

All parts of the Housing Executive responded well to the crisis. Our Housing Benefit Department continued to process payments to customers while dealing with an increased workload due to the pandemic. As part of our agreed contingency plan, we also implemented revised arrangements to make sure that we were able to provide essential maintenance services for our customers in a safe and effective way. In recognition of their contribution, I would like to thank all our contractors as well as our own Direct Labour Organisation (DLO) who were at the forefront of these efforts. Although being restricted due to the inability to carry out property inspections, our Private Sector Improvement Services (PSIS) team continued to engage with customers with regards to Disabled Facility Grants, Boiler Replacement and Affordable Warmth schemes.

We simply would not have been able to do any of this without the help and support of colleagues from right across the entire organisation who played a key role in successfully enabling our response and ensuring business continuity. As Chief Executive, I could not be prouder to represent and lead such a team of talented and dedicated colleagues.

One of our key obligations as a social housing landlord is to maintain and improve our homes. Our Landlord Services Division, which is mostly funded by rental income, is faced with a significant stock investment requirement of about £3bn over the next 10 years. A rent freeze, which first came into effect during the 2016/17 financial year, was due to end on 1 April 2020 but the proposed rent increase was delayed until October 2020 at the earliest due to COVID-19. The impact of the rent freeze extends beyond the current period and has significantly reduced stock investment capacity in future years, resulting in a 10 year projected funding gap of about £1bn. I welcome the proposals set out in the 'New Decade, New Approach' document that seeks to narrow this gap, and look forward to how and when these will be further developed. We have continued to ensure that our tenants are in a position to sustain their tenancies. In 2019/20 we launched our Customer Support and Tenancy Sustainment Strategy for 2019-22 for consultation, which outlines our simple, but ambitious, vision: to ensure that our customers' homes are the stable foundation upon which they can build happy and fulfilling lives.

The number of households presenting as homeless decreased from 18,202 in March 2019, to 16,802 in March 2020, representing a reduction of almost 8%. Those accepted as having Full Duty Applicant (FDA) status decreased from 12,512 to 11,323 over the year, representing a reduction of almost 10%. While I am encouraged by these lower figures, there is no room for complacency and there is still a significant challenge ahead in reducing these numbers further. Our Chronic Homeless Action Plan, published in February 2020, sets out how we will address these challenges.

Throughout the last year, we continued to work with the Department for Communities and the Department for Work and Pensions to manage the impact of the ongoing implementation of Universal Credit. During 2019/20, a Welfare Benefits Unit was established within Housing Services to manage and help mitigate the impacts of welfare changes on the Housing Executive and our tenants. The Welfare Benefits Unit worked closely with the Welfare Reform Project Team, the Universal Credit Programme within the Department for Communities, and the Department for Work and Pensions to develop and implement a change to the way in which Universal Credit housing costs are paid to social landlords which prevents 'residual' arrears from accruing. The Housing Executive successfully piloted the new payment arrangements from January 2020, resulting in positive impacts on rent accounting processes and arrears. The Department for Work and Pensions is now rolling out the new arrangements to all other social landlords across the UK.

In 2019/20, a Key Performance Indicator (LLAM KPI 4.5) within Asset Management was to commence implementation of Year 1 of the approved Tower Block Action Plan. Following the Board's approval in March 2019, the Action Plan was approved by the Department for Communities in August and work has now commenced on its implementation. The Action Plan is a long term programme that will see many of our towers eventually replaced by modern housing more suited to the needs of tenants, applicants and communities. Those

that will not be redeveloped in the short to medium term will be refurbished, with the exception of three blocks where we will be exploring private sale options.

The normal year-end Social Housing Development Programme (SHDP) activity for 2019/20 was severely disrupted by the impact of the COVID-19 pandemic. Whilst the Housing Executive and Housing Associations had been working towards securing 1,903 new social housing starts before year-end, only 761 units were actually started. This was disappointing. On a more positive note, the completions target of 1,500 units was exceeded with 1,626 completions being recorded in 2019/20. This figure includes 48 wheelchair units, 118 units for active older people, 51 supported housing units (across various client groups), and 106 units in rural areas.

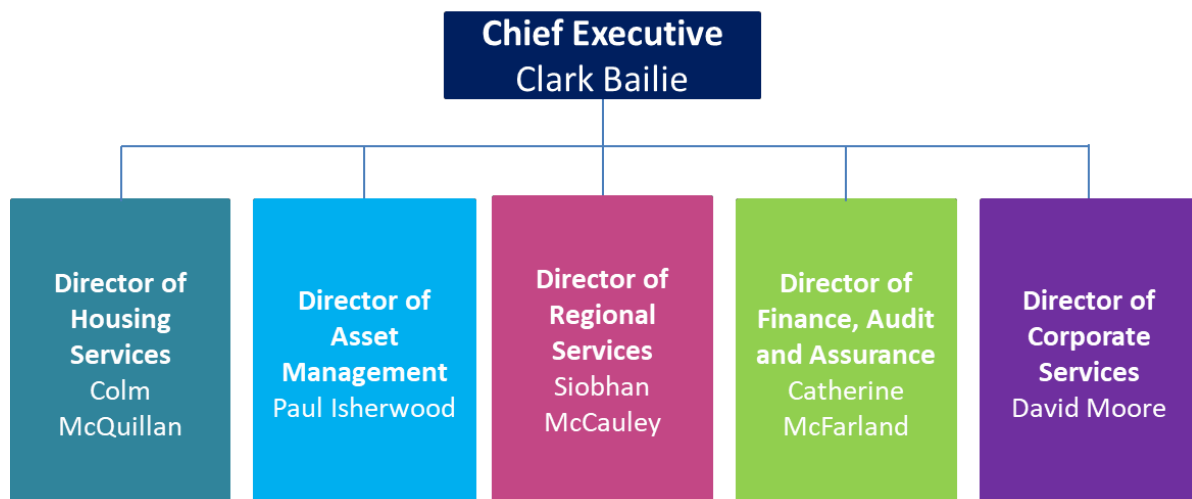
You will see from this year's annual report the scope, scale and impact of the work that we do across Northern Ireland. I would like to pay tribute to my colleagues for their contribution and dedication to the organisation's performance and achievements over the year.



Clark Bailie
Chief Executive

Date: 16 October 2020

Organisational Structure



The Scale of our Business - Landlord Services



84,690
homes
managed by the
Housing Executive
(85,162 at 31 March 2019)

99.7% of our
housing stock
is occupied
(lettable voids
remain low -
only 0.3% of
our stock vacant)
*(99.7% of stock occupied
at 31 March 2019)*



6,654
social homes
allocated last year

3,695 by the
Housing Executive

*(7,696 social homes allocated
during 2018/19, of which 4,066 were
allocated by the Housing Executive)*

LANDLORD SERVICES 2019/20

£103.5m
programme of maintenance
schemes and housing stock
improvements delivered



23,488
elemental replacements to
Housing Executive dwellings

5,121
minor/shower
adaptations



161
major
adaptations

*(£128m programme of maintenance scheme included
28,223 elemental improvements, 148 major adaptations and
5,271 minor/shower adaptations during 2018/19)*

320,000+
response
maintenance
repairs carried out
at a budgetary cost of

£52.7m

*(380,000+ repairs at a cost of
£54.2m during 2018/19)*

£622
average amount
we spent on each
dwelling for repairs
(£636 during 2018/19)



equates
to almost

4
repairs per
dwelling



500
community
groups
worked in partnership
with us through the
Housing Community
Network

(500 at 31 March 2019)



£337.9m
collected in rent and
rates charges on our
homes and unattached
garages which is

98.4%

*(£335m, which is 98.7% of rent
and rates collected during 2018/19)*

The Scale of our Business - Regional Services



38,745
applicants
on the **housing waiting**
list at 31 March 2020
(37,859 at 31 March 2019)



27,745
of these were
classified as being
in housing stress
(26,387 at 31 March 2019)



11,323
housing applicants
deemed to be homeless
after investigation
(12,512 at 31 March 2019)

REGIONAL SERVICES 2019/20



1,119
disabled facilities
grants approved
to the value of



£12m

and we spent

£10.8m
during 2019/20 on
disabled facilities grants

(944 grants approved to value of £10.4m during 2018/19)



395 mandatory repair grants



were approved resulting in
vital improvements in the
private rented sector

*(383 mandatory repair grants were
approved during 2018/19)*

19,000+
housing support places

provided to assist the most
vulnerable citizens in our local community
(19,000+ at 31 March 2019)



6,796 measures
completed across

4,755 homes
at 31 March 2020



for the **Affordable Warmth**
Scheme and Boiler
Replacement Scheme,
costing

£13.8m

*(we delivered 8,753 measures,
across 5,865 homes, costing £16.4m
during 2018/19)*



£559m
Housing Benefit

paid out *(excludes £4.7m*
Discretionary Housing Payments)

(£617.2m paid out during 2018/19)



761
new homes

started through the
Housing Executive's Social
Housing Development Programme

(1,786 new homes started during 2018/19)



Business Objectives

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

Draft Programme for Government (PfG) 2016-2021

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

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

In January 2020, the Secretary of State for Northern Ireland and Tánaiste in the Republic of Ireland published the ‘New Decade, New Approach’ document which outlined the agreed priorities for the incoming Northern Ireland Executive. This will help shape Programme for Government outcomes and indicators, many of which will be relevant to the Housing Executive.

Housing Executive Corporate Plan 2017/18 – 2020/21

The Housing Executive’s Corporate Plan 2017/18 – 2020/21, covering a four year period, was published in December 2018. In this Annual Report we present our performance against an agreed one year business plan for 2019/20 which is based on three overarching themes: People, Property and Place. All of the key performance indicators (KPIs) in the 2019/20 business plan (for Landlord Services, Regional Services and Support Services) can be found at <https://www.nihe.gov.uk/Documents/Corporate/Business-Plan-2019-2020.aspx>

Overall Performance

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

For the 2019/20 Business Year, the Housing Executive reported corporate performance for 95 Key Performance Indicators (KPIs) using a Red, Amber or Green (RAG) status.

There are two types of KPIs in our 2019/20 Business Plan: Data and milestone KPI reporting. The default position for the RAG (Red; Amber; Green) scoring is as follows:

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

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

Our overall performance for the 2019/20 year against all our KPIs was:

Total KPIs	Green	Amber	Red	Data only
84*	46	19	13	6

**This total excludes the 12 Response Maintenance KPIs which are reported separately in the Asset Management section later in this report+.*

Performance against the 2019/20 Business Plan was strong with notable achievements including:

- Ensuring that a minimum spend of 15.5% Supporting People funding was delivered through Floating Support;
- Exceeding our objective to deliver approximately 5,200 fuel poverty measures to approximately 3,900 homes;
- Working with stakeholders to educate householders on preventative interventions and providing onward referrals to help combat fuel poverty;
- Completing and allocating the final 2 shared neighbourhoods as part of 'Housing for All' (formerly Together: Building an United Community);
- Producing and launching an annual assessment on progress on the Homelessness Strategy – Year 2 Action Plan and Publishing a Chronic Homelessness Action Plan;
- Maintaining overall tenant satisfaction at 88%;
- Working with stakeholders to exceed our target of completing 1,500 new social homes;
- Delivering Year 4 of the Rural Strategy Action Plan;
- Exceeding all targets in administering the Housing Benefit Service; and
- Achieving 90% or higher customer satisfaction against all our response maintenance contractors.

There were 13 KPIs that were reported as 'Red' at year end. These are listed below.

- LLHS KPI 7.12 Reduce the number of placements in nonstandard temporary accommodation. (National target)
- LLHS KPI 3.8 Measure Supplementary Social Value outcomes.
- LLAM KPI 4.1 Major Adaptations Process Improvements – Streamline the length of time tenants wait to have a major adaptation completed. The target for 2019/20 is

88 weeks and by year 4 (2020/2021) to be 52 weeks or less (measured from agreed O.T. recommendation).

- LLAM KPI 2.2.7 Commence tender for the new planned maintenance contracts during the 4th Quarter; award contracts in the 1st Quarter 2020 and commence contracts during the 2nd Quarter 2020.
- LLAM KPI 2.8.4 Compliance/ Health & Safety By October 2019 Asbestos Surveys to be carried out to 3,458 properties (these include garages, community lets, domestic and communal areas)
- LLAM KPI 3.1 Compliance/ Health & Safety - Legionella: Surveys to be carried out to 1,366 properties (these include community lets, domestic and medium rise flats and commercial and Hostels)
- LLAM KPI 6.9 30,550 (Gross) Housing Executive homes received completed elemental improvements through our planned maintenance programme of work.
- RSKPI 2.1 Start 1,850 new social homes, subject to budget and Housing Association capacity
- RSKPI 2.5 - 8.5% of New Build starts to be wheelchair accessible housing standard
- RSKPI 2.6 Transfer sufficient Housing Exe development sites to Housing Associations by 31st March
- RSKPI 2.3 200 units of the SHDP starts are to be 1 bed unit
- RSKPI 5.4 Heritage in Housing – To support increased supply of long-term private rentals (subject to funding)
- SSKPI 3.7 Develop an Older People’s Strategy and Action Plan

COVID-19 Impact on Operations

As a result of the global COVID-19 pandemic, on 23 March 2020 the UK Government issued its ‘stay at home’ guidance. Prior to this, various preventative and social distancing measures were already being implemented across many aspects of society, including by those who do business with us. As a result of these practices, performance against a number of KPIs was detrimentally impacted. Where this has been shown to directly impact our business performance in the 2019/20 year, we have indicated it in the performance narrative.

At the time of writing, the impact of this is still being felt across society and the Housing Executive has continued to adapt and provide vital services to all our tenants and customers in these challenging and unique circumstances. Some of the key challenges faced, and how we responded to them across the organisation since the end of the 2019/20 business year are detailed below.

Staff and customer safety have been paramount during COVID-19. Lockdown regulations and social distancing guidelines meant that we had to restrict, temporarily, some of our services, including routine repairs and change of tenancy work which prevented the allocation of homes to new tenants. House sales were also suspended, inspections required for the awarding of grant schemes were delayed and gaining access to homes to complete statutory servicing and inspections proved challenging. Emergency repair services were maintained throughout ensuring the safety of those living in our properties. Following government guidance we recommenced a phased resumption of our full maintenance service from 8 July 2020. During this period, working with contractors we continued to carry

out approximately 20,000 emergency repairs and our Direct Labour Organisation (DLO) completed over 15,000 response maintenance jobs and over 1,200 health and safety checks between 18 March 2020 and 31 July 2020.

Enabling our workforce to work remotely to ensure business continuity was a key priority. Numerous examples of agility, adaptability and innovation included the excellent work undertaken to accommodate rough sleepers, those facing homelessness, to ensure our supplier invoices were paid and also to continue to award Housing Benefit (HB) claims, Discretionary Housing Payments (DHPs) and work associated with new claims for Universal Credit.

During lockdown, there were no recorded cases of anyone sleeping on the streets of Northern Ireland. Approximately 150 void properties were brought back into use as furnished hostel accommodation and we received an additional £7.3 million homelessness funding provided by the Department for Communities and the Department of Health. Between 20 March 2020 and the end of July 2020, approximately 4,000 HB claims and 10,000 DHPs were awarded.

We set up the £290k emergency COVID-19 Fund to support 204 community groups deliver help to their communities, Patch Managers made 800 calls to older and vulnerable customers each week across our 13 area offices. Over 73,000 text messages were sent to tenants, keeping them up to date and between 29 March 2020 and 4 July 2020, our Customer Service Units dealt with almost 82,000 calls from customers.

The impact on the ability of the Housing Associations to secure land, planning approvals and/or construction contracts to ensure full delivery of the Social Housing Development Programme (SHDP) proved very challenging and the target number of new build starts was not met.

The lockdown conditions meant that we were unable to inspect and assess properties but we put in place alternative arrangements to allow us to continue to award grants for the Affordable Warmth, Boiler Replacement and Disabled Facilities Grants schemes. The Supporting People Programme continued to support and protect approximately 19,000 vulnerable clients during lockdown and £3.5 million was secured for Supporting People providers for Personal Protective Equipment (PPE) funded by the Department for Communities. Looking ahead to 2020/21 there has been development of new processes and technical support to enable staff involved in SHDP delivery to fulfil duties on a remote basis and continue to develop and acquire much needed homes in the social sector.

Like many other public sector organisations, we have faced significant challenges posed by COVID-19 and, by responding swiftly and effectively we ensured essential services continued, whilst equipping staff to work from home, where possible. We have communicated regularly with our 85,000 tenants through media, website and social media platforms and provided comprehensive updates to almost 500 public representatives, keeping them informed on service delivery and changes. Our staff are continuously updated with the latest Northern Ireland and UK government advice and information.

As we navigate our way through the ongoing COVID-19 pandemic there may be additional challenges and uncertainties faced across areas such as homelessness, addressing an increasing social housing waiting list, maintaining and improving tenants homes and

providing services for the most vulnerable in our society through Housing Benefit, Grants and Supporting People services. We, along with our partners, have adapted our services in a remarkably short time to continue to deliver a range of housing related services and we will continue to horizon scan, plan for, and adapt to any changes that may emerge in 2020/21 and beyond as a result of the COVID-19 pandemic.

Further information on our performance and any impact of COVID-19 across our Landlord, Regional and Support Services functions can be found in the proceeding sections.

Performance Analysis - Landlord Services

Landlord Services covers the work of both the Housing Services and Asset Management Divisions and focuses on the delivery of services to the tenants of around 84,690 properties (March 2020). Landlord Services is responsible for the management and maintenance of our housing stock, tenancy issues including rent collection, management of arrears, allocations, managing voids and building stronger communities. Housing Services also delivers a number of functions on behalf of Regional Services including homelessness services and the fundamental review of allocations, however, these are reported against in the Regional Services section of this report.

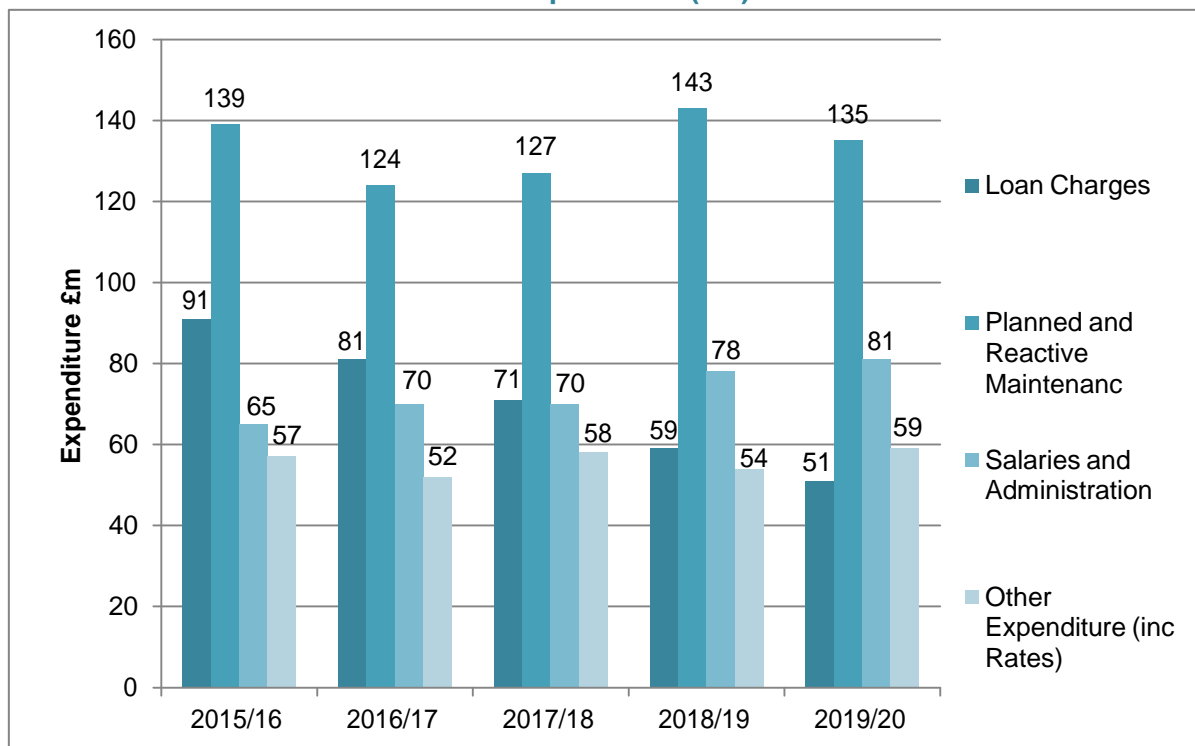
Landlord Services Financial Challenges

Landlord Services, which is mostly funded by rental income, is faced with a significant stock investment requirement of circa £3bn during the next 10 years in order to improve and maintain its housing stock.

Stock investment capacity during the next 10 years is circa £2bn, reflecting the low level of weekly rents historically charged and the imposition of a rent freeze during the period 2016/17 to 2019/20. Whilst a rent increase of 2.7% was agreed for 2020/21, a decision was taken by the Minister for Communities to defer its implementation to October 2020 due to the emerging COVID-19 pandemic.

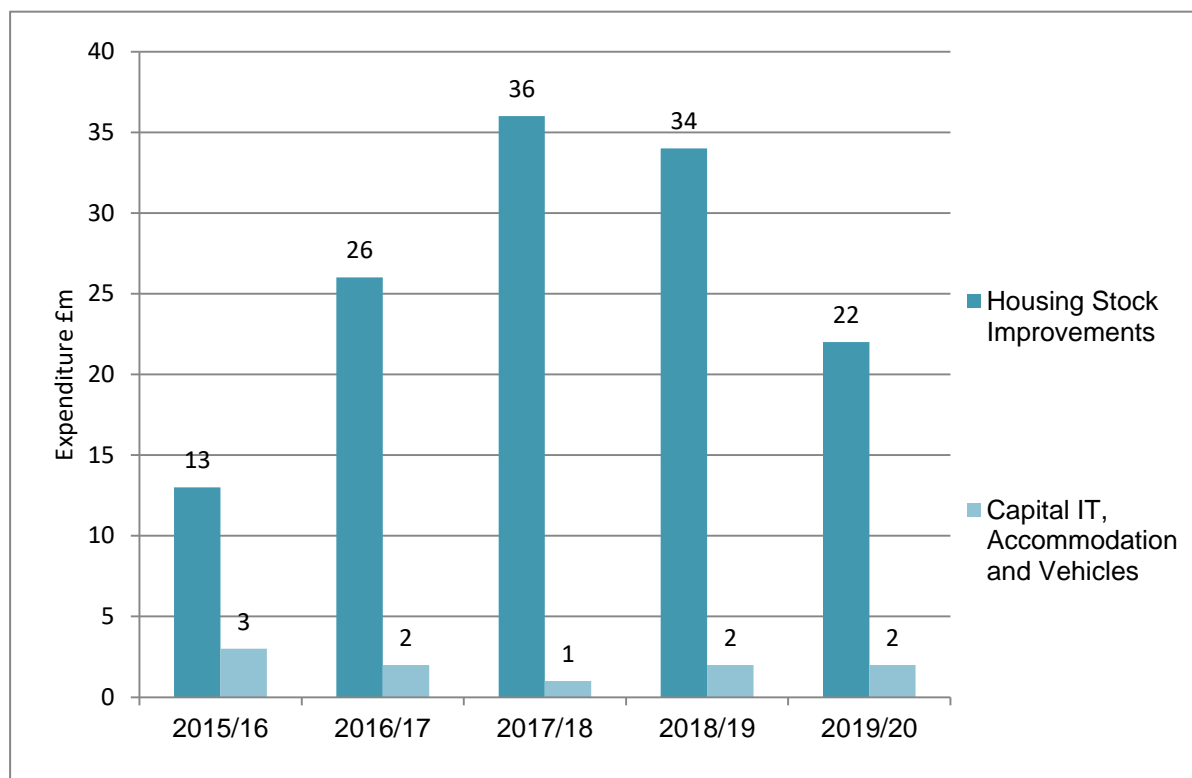
The combined impact of historically low rent charges and the recent rent freeze has significantly reduced stock investment capacity in future years resulting in a 10 year projected funding gap of circa £1bn.

Chart 1: Landlord Services Revenue Expenditure (£m) 2015/16 to 2019/20



Stock investment was suppressed during 2019/20 due to a number of procurement challenges received when we tried to award a number of large scale contracts. As a consequence, the Landlord Services Rental Income Reserve increased to circa £119m by the end of the 2019/20 financial year. However, it should be noted that this funding will remain available to Landlord Services in future years for stock investment purposes. Notably, annual costs associated with the repayment of historic loans continue to decrease year-on-year (reduction of circa £8m in 19/20), creating further opportunity to increase stock investment expenditure correspondingly.

Chart 2: Landlord Services Capital Expenditure (£m) 2015/16 to 2019/20



Expenditure on capital stock investment totalled circa £22m, representing a reduction on 2019/20 investment levels. This reflects a wider prioritisation of investment across both capital and revenue during 2019/20, and the procurement challenges experienced in the award of large scale contracts that deferred works commencing on a number of schemes until the latter part of the financial year.

Budgetary Management

Table 1: Landlord Services Expenditure 2019/20

Landlord Services Expenditure 2019/20	Expenditure £m
Dwelling Related Costs - Housing Stock Improvements	21.6
Dwelling Related Costs - Planned and Reactive Maintenance	134.6
Capital IT, Accommodation and Vehicles	1.7
Salaries and Administration	80.7
Loan Charges	50.6
Corporation Tax	8.9
Other Expenditure (including Rates £38.7m)	50
Total	348.1

Delivery of our programmes and services was mostly funded through our rental income, which was supplemented by government grants and the sale of assets (land and house sales, shown as capital receipts in the accounts). Further information on land and house sales can be found on page 70 of this report.

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

Rental income was the largest single element at £296.9m, with a further £44.7m being attributed to the collection of rates.

During 2019/20 Landlord Services faced a Corporation Tax liability of circa £8.9m, reflecting a reduced stock investment programme resulting from contract award difficulties. Representations remain ongoing with DfC, DoF and Treasury regarding the validity of the Housing Executive being subject to Corporation Tax charges.

Housing Services

2019/20 Overall KPI Performance

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

Total KPIs	Green	Amber	Red	Data only
22	16	4	2	0

We are the largest social landlord in Northern Ireland and one of the largest in the UK with approximately just under 85,000 properties. Last year, out of the 6,654 allocations made to all applicants within the social sector in Northern Ireland, 3,695 were allocated by the Housing Executive with the remaining 2,959 allocated by Housing Associations.

In addition to this, we manage 6,090 leasehold properties (at 31 March 2020) including the administration and delivery of a range of works and services where our leasehold properties are located.

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

Sustaining Tenancies

Through customer support, we actively aim to help people prepare for, look after, maintain and enjoy their home to prevent their tenancy coming to a premature end. This support may be delivered directly through specific landlord activities, or part of wider organisational programmes which empower customers to manage their own housing. The successful outcome of this is 'tenancy sustainment'.

We actively aim to help people to sustain tenancies and we want to ensure that the support needs of customers are clearly identified at application, or 'presentation', stage. By taking these needs into consideration at this early stage, we are able to determine the most appropriate housing support and solutions for each customer, which in turn will result in a more sustainable tenancy from the outset.

In 2019/20 we launched our Customer Support and Tenancy Sustainment Strategy for 2019-22 for consultation. The Strategy outlines our simple but ambitious vision; to ensure that our customers' homes are the stable foundation upon which they can build happy and fulfilling lives. This is further supported by an extensive annual action plan organised around five pillars of sustainment; housing support, money support and budgeting advice, employment support, proactive and responsive support for at risk customers, neighbourhood and community support.

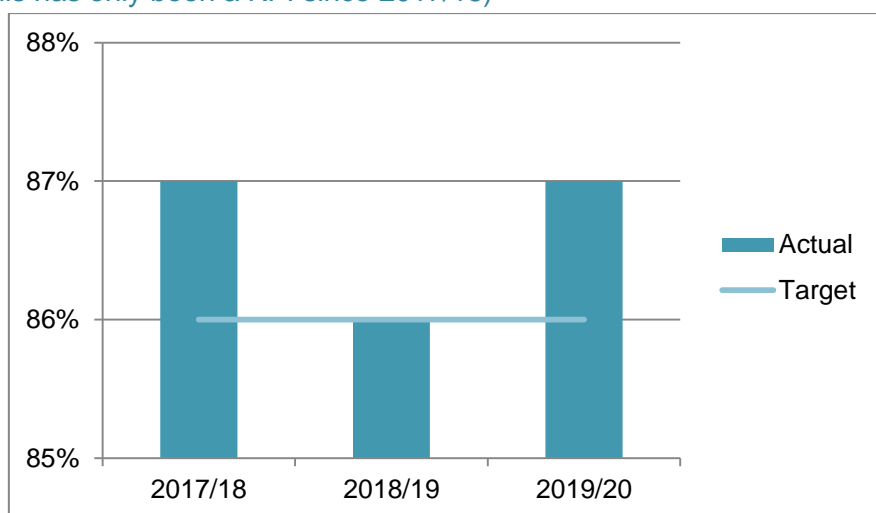
In Year 1 of the strategy, a number of key actions have been progressed including:

- The development of criteria for a Sustainment Innovation Fund;
- Building the specification for bespoke Mental Health Awareness Training for Social Housing Professionals;
- Plans for a web-based furniture gifting platform in partnership with some of our contractors;
- Procurement exercises for a pilot Decorating Voucher Scheme for new tenants, and enhanced Sign-Up packs in partnership with the Consumer Council; and
- Initiation of a research project into Customer Journeys in relation to tenancy failure triggers and what/when support and sustainment interventions are most effective.

In 2019/20 we rolled out the multi-award winning and innovative 'Dementia Friendly Homes' initiative across all areas in Northern Ireland. This initiative was supported by a £65,000 investment and support packs containing daily living aids for those living with dementia, a dementia friendly minor adaptations service, and practical support and advice to those and the family of those impacted by dementia. In addition to this, we trained over 40 'Dementia Champions' and hundreds of 'Dementia Friends' across Housing Services who are working collaboratively and have developed strong links with the Alzheimer's Society and the Health Trusts. Their aim is to improve health and well-being outcomes for customers living with dementia in our homes and communities, and to help them remain in their own homes as long as possible.

In the 12 months prior to 31st March 2020, 87% of new tenancies were sustained beyond their first year, which met the agreed KPI target of 86%.

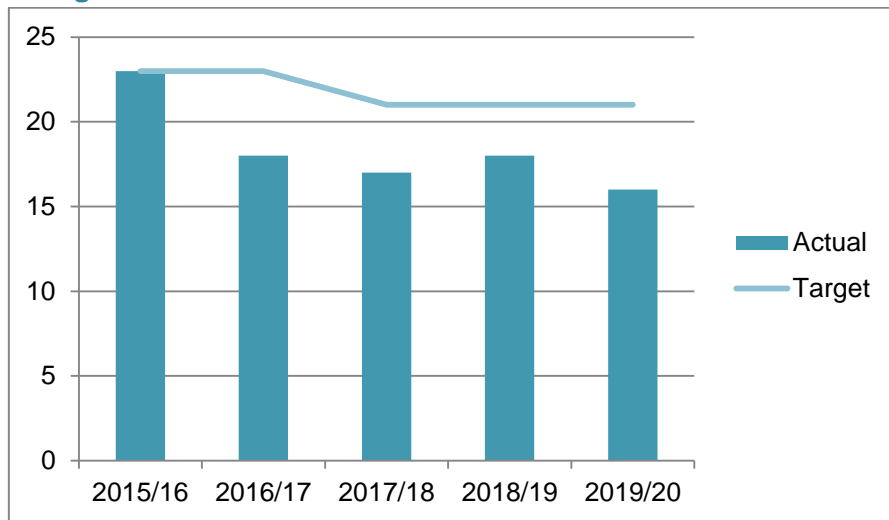
Chart 3: New Housing Executive Tenancies Sustained over 12 Months 2017/18 to 2019/20 (This has only been a KPI since 2017/18)



The management of both the re-letting of our housing stock in a timely manner and managing lettable empty properties (voids) has been above target all year. Ensuring that we keep these to a minimum helps to move people off the waiting list more quickly. Relet times were within the 21 day target with an average of 16 days turnaround time and therefore our

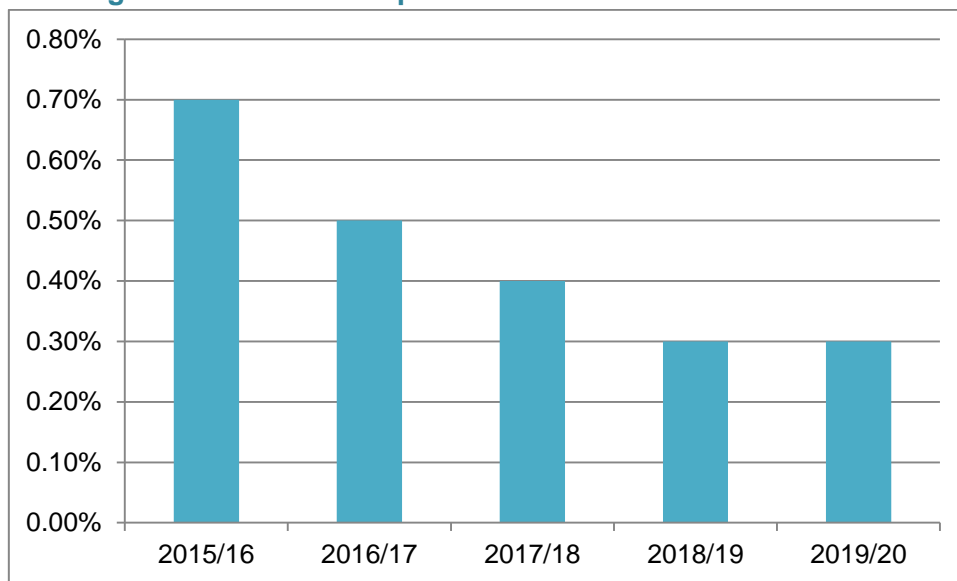
KPI target was met. As a result we have remained within the top Housemark quartile for performance against this activity. (See Chart 4)

Chart 4: Housing Executive Relet Times 2015/16 to 2019/20



Our KPI to ensure that 99.3% of our stock (84,690 homes) was occupied was comfortably met with only 251 voids at March 2020 representing 0.30% overall. (See Chart 5)

Chart 5: Housing Executive Void Properties at Year End 2015/16 – 2019/20



Tenancy Fraud

We recognise that social housing is an increasingly valuable resource in Northern Ireland, and that every house that is fraudulently occupied denies a genuine applicant a home. The Housing Services Division, in conjunction with colleagues in the Counter Fraud and Security Unit, has continued to maintain its focus on tackling tenancy fraud in all its forms and has worked to consolidate the improvements and initiatives of recent years into best practice across the organisation.

The abrupt adoption of social distancing measures during the COVID-19 outbreak curtailed the ability of the organisation to investigate any new instances of suspected tenancy fraud towards year-end. As a result, we have been unable to collate and report the final quarter and annual performance figures. However, as of 31/12/19:

- 664 new cases of suspected tenancy fraud had been recorded across all areas (178 of which were referred to the Tenancy Fraud Unit for investigation);
- 213 properties (including 6 deemed non-fraudulent) had been recovered (40 of these following investigation by the Tenancy Fraud Unit).

The Housing Executive also continued to participate in the National Fraud Initiative data matching exercise over the course of the last year, investigating and closing 1,064 cases of error. Of these reported cases, £23,160 of customer error was identified in matches between Housing Benefit and student loans datasets. This is in the process of recovery. There were two instances of duplicate invoices identified which resulted in an overpayment of £24,072. This has been fully recovered.

During the second half of 2019/20, a cross-divisional audit of the tenancy fraud investigation process provided assurance of its governance and current performance, while recommending a number of actions to be completed. These actions will form the basis for a further expansion of organisational awareness, and detection of, tenancy fraud including:

- the development of a new comprehensive tenancy fraud training course for staff; and
- a review of all current guidance in relation to tenancy fraud to ensure that policies and procedures are fit for purpose.

Further information on the work carried out by the Corporate Investigation and Security Unit can be found on page 72 in the Support Services section of this report.

During 2019/20 the Housing Policy Team worked in close collaboration with the Northern Ireland Audit Office to develop a National Fraud Initiative (NFI) pilot data match between Housing Executive tenants and care home residents. The pilot was a great success and 144 cases were identified by the NFI data match for investigation. As a direct result of the work of the Team and Local Office staff, 44 properties were recovered and were able to be allocated to applicants in housing need on the social housing waiting list, with estimated outcome savings from the pilot of over £1.5 million. The Housing Executive was the first organisation to undertake this matching exercise and the Cabinet Office, who run the NFI, were impressed with the outcomes and will likely replicate this in other parts of the UK.

Income Collection and Financial Inclusion

Collecting income from our tenants is a key task for the Housing Services Division. This rental income is then used to reinvest in the maintenance and upkeep of our stock as well as funding a wide range of schemes and initiatives delivered by Housing Services.

Income Collection

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

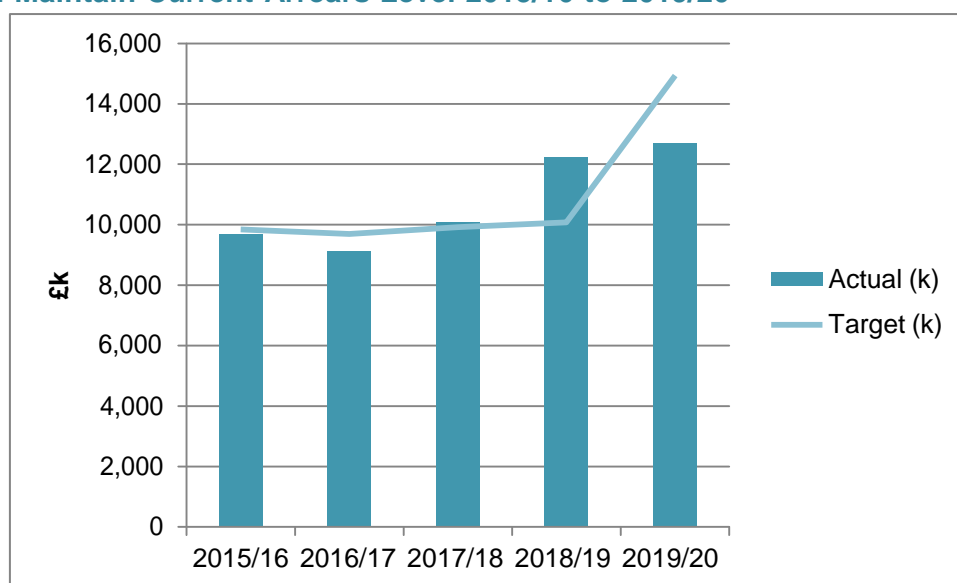
It is essential that we collect rental income as this provides the financial resources required to deliver services to our tenants, including repairs and improvements to their homes. During 2019/20 we met our agreed KPI target of collecting 98.4% of rent and rates due with a performance of 98.43% income collected (LLHS KPI 1.1). In 2019/20 we had reduced our target for maximising rental income from 99.6% to 98.4%. This was in anticipation of any potential impacts of Welfare Reform causing technical arrears.

Total rent and rates arrears increased by £0.46m to £14.86m. Current tenant arrears increased by £0.44m to £12.68m and former tenant arrears increased by £0.02m to £2.18m.

The gross current rent/rates arrears target for 2019/20, established at the beginning of the financial year, was for arrears to increase by £2,695K. This was based on the known Welfare Reform factors at that time, in particular, the predicted increase in Universal Credit (UC) claimants and the impact this would have on technical and residual arrears. Current arrears increased by £439k during 2019/20 which is significantly less than the predicted arrears increase at the start of the 2019/20 year.

In this instance, achieving a figure less than the target is a positive result and this KPI (LLHS KPI 1.2) was achieved. Performance over the last five years is shown in Chart 6.

Chart 6: Maintain Current Arrears Level 2015/16 to 2019/20



A change to the way UC is paid to the Housing Executive was implemented at the start of January 2020. Housing costs are now received daily, based on the claimant's UC assessment date. This means payments are now staggered across the month, which has significantly reduced both technical¹ and residual² arrears.³

¹ Technical Arrears are: 1. Payments that are due in respect of tenants who are confirmed as being in receipt of Universal Credit / Rate Rebate; 2. Welfare Supplementary Payments due in respect of tenants impacted by the

The impact of Welfare Reform on income collection and arrears has been identified as a significant risk in our Corporate Risk Register. It is anticipated current arrears will continue to rise during 2020/21; however, the rate of increase should slow down due to the improved process implemented at the start of 2020 for making Universal Credit housing costs payments to landlords in a more timely fashion.

Our Rental Income Maximisation Strategy and Arrears Action Plan include activities which will help us to mitigate against factors impacting on income collection and arrears recovery.

Rental Income Maximisation Strategy 2016-21

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

The overall aim of the Strategy is to ensure we have suitable and robust arrangements in place to maximise rental income and minimise arrears. Implementation of the Strategy and Action Plan continued throughout 2019/20. Continuing to deal with the impact of Welfare Reform, and most recently the issues created by COVID-19 are likely to be our greatest challenges in the coming year and the activities we are implementing to address these have been prioritised accordingly. In particular, we will continue working to ensure our tenants get maximum entitlement from Universal Credit and Rate Rebate and that our arrears management policies and processes are as efficient and effective as possible.

Financial Inclusion

Our Financial Inclusion Strategy has also been extended to 2021. Its primary aim is to improve the financial wellbeing of our tenants and other customers by providing them with the ability to access the right financial help, support and services when needed to help them manage their money better. We achieved our KPI of 'Delivering the Financial Inclusion Strategy' through the delivery of a number of initiatives outlined below.

During 2019/20 we continued to implement the initiatives and activities within our Action Plan. In particular, in response to research we carried out the previous year, we began the process of implementing enhanced service arrangements for customers who may benefit from additional financial advice and assistance. Our new service has been re-branded as 'Making Your Money Work' and a two stage implementation approach for

Social Sector Size Criteria / Benefit Cap; or 3. Arrears that accrue while applications for Universal Credit and Rate Rebate are being processed.

²Residual Arrears are; 1. Additional rent arrears which were created specifically as a result of how Universal Credit used to be paid to the Housing Executive. Under the previous payment system, it could take up to 9 weeks for the first payment to be received and it was normally equivalent to 1 month's rent charge leaving a "residual" debt on the rent account; or 2. A new payment system was implemented in January 2020 which removed residual arrears so this is no longer an issue for the Housing Executive.

existing and enhanced services was agreed. Up until the impact of COVID-19 we were confident that the new service would be fully operational during 2020/21.

In addition, our staff have continued to contact customers to offer advice and assistance about household budgeting and where appropriate arrange for specialist debt advice and floating support services. Some of the other highlights include:

- Enhanced partnership working arrangements are now in place with colleagues in the Department for Communities for the “Make the Call” service;
- We have agreed our approach on how to assist tenants with identifying the banking services which best meets their needs and new partnership working arrangements are now in place with the Irish League of Credit Unions;
- We have been working with the Utilities Regulator and our Corporate Communications to determine the best approach for signposting tenants to get the best energy deals;
- We are in the early stages of agreeing circumstances and processes for signposting tenants and other family members to employment opportunities;
- The 2019 edition of ‘Quids In’ magazine was issued to our tenants just before Christmas 2019;
- A pilot exercise was implemented to publicise, via our website and social media, the services provided by ‘Make the Call’, Advice NI and Credit Unions; and
- We also appointed three new Financial Inclusion Managers to provide staff and customers with additional support and assistance.

Universal Credit

During 2019/20, a Welfare Benefits Unit was established within Housing Services. The Unit is responsible for managing and mitigating the impacts of welfare changes on the Housing Executive and its tenants. The Unit also has an operational role in managing the tenancy verification processes for both Universal Credit and Rate Rebate, ensuring that tenants receive the correct entitlement to help with their housing costs and mitigating any impact on organisational income.

During 2019/20, a further 7,075 Housing Executive tenants made a claim for Universal Credit, bring the total number to 13,019. Following the introduction of a range of new business processes and working practices during 2018/19 to manage rent accounts impacted by Universal Credit, a programme of business assurance activity commenced during 2019/20. This was to ensure that the policy and procedures introduced are fit for purpose, comprehensive and being implemented consistently. The first wave of activity highlighted the need for additional training which was developed and delivered to approximately 400 front line staff. The business assurance role is planned to continue until 2022 as Universal Credit continues to roll out and through the introduction of the ‘managed migration’ phase of implementation (now branded Move2UC) which is due to commence in early 2021. Universal Credit is now scheduled to be fully implemented by September 2024.

Since the introduction of Universal Credit in Northern Ireland, the Housing Executive has been working with the Department for Communities to highlight to the Department for Work and Pensions the problem of ‘residual’ rent arrears arising from the way in which Universal

Credit housing costs were paid to social landlords. During 2019/20, the Welfare Benefits Unit worked closely with the Welfare Reform Project Team, the Universal Credit Programme within Department for Communities and Department for Work and Pensions to develop and implement a change to the way in which Universal Credit housing costs are paid to social landlords which prevents these arrears from accruing. The Housing Executive successfully piloted the new payment arrangements, commencing in January 2020, resulting in positive impacts on rent accounting processes and arrears. The Department for Work and Pensions is now rolling out the new arrangements to all other social landlords across the UK.

Newly recruited specialist Financial Inclusion Managers deliver the objectives of the Financial Inclusion Strategy; primarily to improve the financial wellbeing of our tenants, including those that may be financially impacted by welfare changes. Financial Inclusion Managers are a key support to frontline staff in identifying and assisting tenants in financial difficulty.

We have continued with a programme of research into the impact of welfare changes, undertaking a qualitative survey of the customer journey of tenants moving on to Universal Credit. This will be complemented with a quantitative study to be completed during 2020/21. Findings will be used to inform service development to ensure we are supporting tenants appropriately and effectively during the process of moving on to Universal Credit.

Benchmarking

Housing Services carries out a yearly benchmarking exercise of its costs and performance across a range of core housing activities. This allows us to test and ensure service levels are consistently high, consider how we can improve and maintain performance and to ensure that we are providing the best possible service to customers, and highlight any areas for improvement.

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

- Rent arrears and collection;
- Repairs;
- Void works and lettings;
- Tenancy management;
- Resident involvement;
- Estate services.

Performance comparisons across our activities for the year, using 25 different measures, showed that Housing Executive performance was ranked in the top 25% for 16 of these and above average for a further 4.

Tenants continue to report high levels of satisfaction with service. Overall Tenant Satisfaction at the end of the 2019 calendar year remained a Housemark top quartile status.

Customer Service Excellence Accreditation

Customer Service Excellence (CSE) accreditation is an acclaimed UK national standard of excellence in service delivery. Accreditation is a crucial part of the Housing Executive's Excellence Framework and forms the basis of the corporate Customer Excellence Strategy. CSE is awarded to organisations that meet challenging standards to be efficient, effective, enabling and empowering. In 2019 Housing Services was assessed for re-accreditation of Customer Service Excellence and in achieving this successfully met the KPI target for the year. Housing Services retained 22 Compliance Plus or best practice elements in this accreditation.

The CSE 2019 Assessment Report stated that:

“For the past five years, the whole organisation has been redesigning itself to be much more customer focused, partly by giving front line staff more authority to make decisions, and by using the experience of those front line members and tenants to redesign services and procedures. Significant improvements in customer service are already being seen by your tenants”.

The assessor reiterated that the *“Housing Executive Landlord Services was, in his experience and that of the organisation's customers, without doubt one of the most customer focused services in Northern Ireland, with tenants frequently stating to the assessor that if only other organisations were as responsive and easy to deal with, their lives would be so much better.”*

In 2019/20 we continued to demonstrate our commitment to our customers and the communities we serve through our extensive local office network. Last year there were over 176,000 visits by customers to our local offices.

We have 33 local offices and five Customer Service Units, spread geographically across Northern Ireland, many of these situated in the heart of local communities. These offer a range of services such as housing and tenancy management, maintenance, income collection and through our office network we engage on a variety of community based, and led, initiatives. Our local presence is further complemented by a range of other communication and engagement channels including through our website and social media channels and on the phone which includes 24/7 support for emergency repairs and homelessness services.

Towards the end of the 2019/20 financial year, as the COVID-19 global pandemic became apparent, our local offices were at the forefront in mobilising quickly, working with stakeholders and the local communities to best understand the challenges facing our customers and communities and providing and supporting local solutions. This extended beyond our core landlord duties including communicating key messages and helping to combat loneliness and social isolation for some of our most vulnerable tenants.

Graduate Trainee and GEM Programme

In 2019/20, 16 new Graduate Trainees were recruited to Housing Services bringing the total number of trainees currently working within the Graduate Trainee Programme to 32. Feedback from previous cohorts of trainees and managers was sought and used to refine

the programme for this latest cohort of Trainees seeking to further develop professional skills while providing excellent services to customers. The Housing Services Graduate Training programme is a key tool in recruiting, developing and retaining young housing professionals and instrumental in the organisation's succession plans.

The GEM Programme (Graduate Employment Mentoring) is a UK-wide graduate training scheme, supported by the Incommunities Housing Association Group (based in Shipley, Yorkshire), seeking to build careers in housing through CIH Qualifications, experiential learning and on the job training and development. Housing Services Division has participated as a partner in the GEM programme since 2016 having recruited nine GEMs so far.

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

Communities

In addition to our core functions as a landlord such as allocating homes, collecting rent and maintaining properties, we invest heavily in the communities we serve to help create vibrant, safe and sustainable communities. We aim to achieve this through the work of our Community Safety, Community Involvement, Community Cohesion, Estate Services and Social Enterprise teams.

Last year we had 5 KPIs directly linked to the work of our 'Communities' teams. There were two Community Safety KPIs and a KPI each for Community Cohesion, Community Involvement and Social Enterprise.

Community Safety

While the majority of our estates are safe and popular places to live, we recognise that nuisance and anti-social behaviour are real issues which can have a significant impact on individuals and communities. We are committed to and we will work with a range of statutory and partner agencies to address all forms of anti-social behaviour where it occurs in our estates. During 2019/20 we received and actioned 1,920 reports of alleged anti-social behaviour.

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

We will not hesitate to use our legal powers to end unacceptable behaviour. During 2019/20 four decrees for possession were obtained on the grounds of anti-social behaviour and a further 17 properties were returned to us following action. Possession continues to be a last resort, after we have exhausted all other interventions as a means of resolving anti-social behaviour.

We also use mediation and restorative practices. Throughout the 2019/20 year our procured Mediation Service Provider has worked on 52 neighbour disputes. With funding from the

Housing Executive and the PSNI, our community based restorative partners, Northern Ireland Alternatives and Community Restorative Justice Ireland also provided mediation and community support in over 297 cases of neighbour disputes.

On an annual basis, funding is made available from the Community Safety budget to a range of community based groups and Policing and Community Safety Partnerships (PCSPs) to enable the development of local solutions to address anti-social behaviour in Housing Executive estates. Some examples include Community Safety Warden Schemes, an independent and confidential professional mediation service, 'Good Morning' services, home safety schemes, detached youth work, diversionary activities for young people, intergenerational programmes and schemes to support victims of hate crime. In 2019/20 £517k was awarded to address community safety in our estates.

In 2019/20 we planned to launch a new Community Safety Strategy and Year 1 Action Plan (in line with LLHS KPI 3.1). The draft strategy was released for public consultation from December 2019 to March 2020 and will be published in Summer 2020.

We did achieve our KPI (LLHS KPI 3.6) of continuing to provide a responsive, effective and professional Community Safety service through the 2019/20 Action Plan. There were 12 ASB Clinics held throughout the year and customer satisfaction remained high. Overall 79% of those surveyed reported they would be willing to report ASB to us in the future and 77% of those surveyed found staff courteous, sensitive, responsive and knowledgeable when dealing with their complaint.

Estate Services

During 2019-2020 an Estate Services team was created to provide a link between Asset Management and Housing Services. Asset Management are responsible for Response and Planned Maintenance Contracts and the Grounds Maintenance contract which are delivered to our customers with input from Housing Services centrally and at a local level. The role of the Estate Services section will develop to provide support to operational Housing Services staff and will ensure that the needs of our customers are represented in the delivery of the aforementioned contracts. This contributes to the following outcomes as set out in the draft Programme for Government.

The delivery of a Planned, Response and Grounds Maintenance contract which meets the needs of our customers helps improve the quality of the places in which people live, work and play. Our Response Maintenance contract delivers physical measures to support those customers who are a victim of a Hate Crime (Hate Incident Practical Action - HIPA scheme can support victims of hate incidents in their home and can provide personal and home protection measures), and our work to assist those who are living with Dementia also contributes to PfG Outcome 8, "We care for others and help those in need".

In 2019/20 we also included enhanced Social Value clauses within our planned maintenance contracts which includes for example, the provision of training days, technical days and Community Activity Grants and apprenticeships. These planned maintenance contracts are expected to be tendered later in the 2020/21 year.

The Estate Services section focused on the new Planned Maintenance Contracts in terms of reviewing and revising standards for tenant consultation and a decant policy which incorporated a new payment for tenants under certain circumstances. Estate Services staff were also directly involved in representing customer needs during the procurement of the new Response Maintenance contract which enhanced the current customer appointment system. A Housing Community Network representative was included on the Project Board that was responsible for key decision making.

Additional resources were provided to the team to facilitate a renewed focus on the improvement of the delivery of the Response Maintenance Service to our customers. The new Response Maintenance contract includes an improved appointment system, revised contract management systems, revised Social Clauses, revised Public Liability Claims and Complaints clauses which overall aims to improve the service for our customers.

Social Housing Enterprise Strategy

An external evaluation of the first Social Enterprise Strategy, which covered the period 2015-2018, was completed in January 2020. This indicated that, in terms of monetary return, there were encouraging returns in terms of our pound for pound investment. Using an accredited formula, an external evaluation established that for every £1 invested, the return was £4.52. It also established a Social Return on Investment for our communities worth £4.97 for every pound we invested.

Over the 2015/16 – 2017/18 period, the following results from the external independent evaluation were recorded:

- 39 new Social economies created or progressed and 50 existing social economies further developed;
- 115 new-part time jobs were created / 94-part time jobs were sustained;
- 37 full time jobs were created / 100 full time jobs were sustained;
- 1,802 training opportunities created or sustained;
- Qualifications in Social Enterprise (OCN levels 2 and 3) were delivered to over 100 individuals, in partnership with our colleagues in Supporting Communities;
- 99% of participants identified increased awareness of the possibility of developing a social economy;
- 88% of participants engaged in positive relationships with residents from different community backgrounds;
- 85% of participants identified increased health and wellbeing (mental, emotional, physical and social).

In April 2016, Creggan Enterprises received funding from the Social (Housing) Enterprise programme to establish Hive Studios as a new stand-alone Social Enterprise. This Community Interest Company now provides a range of commercial and subsidised digital services to the community and local businesses in the North West.

The support provided particularly in relation to the development of our SMART Home Assistive Technology has been particularly impactful. The Hive Team was introduced to a range of relevant stakeholders to help raise the profile of products through the affirmation of

a large regional body. Working in partnership with the Housing Executive, Hive Studios were instrumental in providing a range of assistive technology and delivering training to a diverse group of Housing Executive tenants with disabilities, to enable them to remain as independent as possible in their homes. This pilot was recognised nationally at the National Housing Maintenance Forum awards in January 2020, winning the 'Best Customer Impact' award.

In 2019/20 we developed a new 'Social Enterprise Plus' Strategy that was approved by the Board in December 2019. This was due to be launched in March 2020. However, due to COVID-19 restrictions preventing the submission and assessment of funding applications, this was postponed and will be taken forward in the next financial year. As a result, the KPI of 'Implementing the Social Housing Enterprise Strategy' was only partially met. In addition to this, we did not meet LLHS KPI 3.8 Measure Supplementary Social Value outcomes as this KPI is directly linked to the procurement of new planned maintenance contracts and reporting on this KPI will not likely commence until the end of the next business year. For more information on the planned maintenance contracts please see the procurement section on page 38.

Community Involvement

Community Involvement is about directly involving our communities in the everyday issues that affect them. Our Community Involvement Strategy 2018-23 provides a framework for this. It sets out how, in partnership with the Housing Executive, residents, along with their local community associations, can get involved in developing their local services to improve their quality of life. This includes working with 'hard to reach' groups within our communities and during 2019/20 we worked with Supporting Communities Northern Ireland, Youth Forum, Disability Action Northern Ireland, and the Rural Residents' forum.

We successfully implemented Year 2 of the 2018-23 Community Involvement Strategy Action Plan and therefore achieved our KPI for this area of work. Key achievements from the 2019/20 year are noted below.

Through our work with the Central Housing Forum we have created a number of different working groups to include social clauses/social enterprise working group, Welfare Reform groups, and a Cavity Walls Forum.

In 2019/20 we worked with Supporting Communities to continue to develop new community groups in under-represented areas. As a result, there were 11 new community groups established and we increased community champions by 23% from 21 to 26. In addition to this, we have engaged with the Rainbow Project to ensure LGBT representation on the Central Housing Forum.

In 2019/20 we have enhanced the role of the Central Housing Forum by adding new working groups on key areas including Welfare Reform, Planned Maintenance, Mystery Shopping and Digital Inclusion. Supporting Communities has also provided 129 training sessions on topics such as good governance, social enterprise, committee skills, and impact awareness training to 369 participants.

In March 2020, in partnership with Disability Action Northern Ireland, Supporting Communities and the Independent Living Movement Ireland, we launched our ONSIDE Project (Outreach & Navigation for Social Inclusion & Digital Engagement). This cross border project is supported by €5 million Special EU Programmes Body (SEUPB) funding. Funding to deliver a 3 year programme from INTERREG will be used to address the barriers that prevent some of our disabled customers from becoming fully engaged through delivering projects designed to digitally include and increase social networks in the community and online and promote health and wellbeing. The project is based across eight geographic locations, many of which are rural areas, and is expected to benefit 1,125 participants.

Community Cohesion

Community Cohesion is all about joined up thinking and collaborative working between and within our communities, agencies and individuals. With 13 good relations officers, 1 race relations officer and 1 interface officer, working on the ground within our communities on a daily basis, the Housing Executive is continuously striving forward to build trust and safety and promote good community relations for our tenants, residents and leaseholders within our estates across Northern Ireland.

The Community Cohesion Strategy 2015-2020 outlines five themes:

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

As a result of strong performance in implementing the strategy, this KPI was achieved.

In 2019/20 we have supported:

- 155 estate based projects;
- 20 race relations projects;
- 20 reimagining projects of contentious murals on our estates to make them physically more welcoming;
- 13 Positive Expressions of Culture along with 16 projects under our External Funding Areas at Risk Programme;
- 5 Major Programmes under SEUPB Peace IV Programme: and
- 1 under the INTERREG funding programme.

Under the 2019/20 action plan, the Housing Executive Community Cohesion staff have also supported the delivery of 10 Together: Building a United Community (TBUC) shared housing schemes. This activity also contributed to the draft Programme for Government Outcome 11: We connect people and opportunities through our infrastructure. The final scheme completed in April 2019 and since the programme began, 483 homes have been completed with an investment of £33.2m.

Asset Management

The KPI dashboard below is for Asset Management Services across all three themes of People, Property and Place. During March 2020, the final month of the financial year, COVID-19 restrictions have, in some instances, been a major contributory factor in not meeting year-end targets. The KPIs where it is assessed that these factors contributed to the final outcome are indicated in the report below.

Total KPIs	Green	Amber	Red	Data only
19*	7	5	5	2

**Excludes 12 Maintenance KPIs, which are not included in the RAG status count above but are represented under the Investment Programme (page 39).*

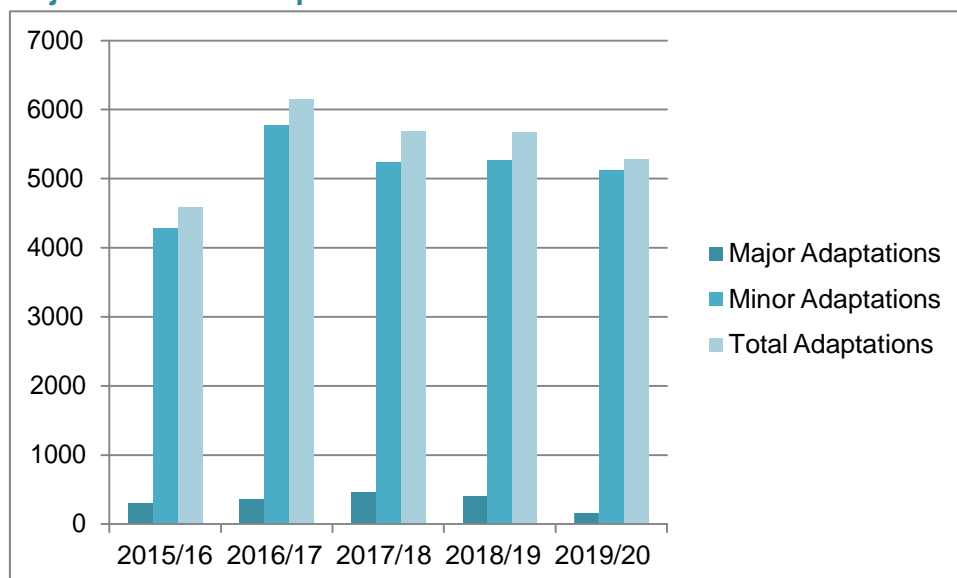
Under our People theme, Asset Management provided the following services:

Adaptations to Homes

For some of our tenants, where appropriate, we undertake bespoke adaptations to our own stock. These adaptations can either be minor or major. A minor adaptation may be installing grab rails or replacing a bath with a shower whereas a major adaptation is more complex and could include bespoke adaptations to properties such as internal reconfigurations, extensions and adding access ramps. Our commitment to assisting our tenants with maintaining their independence to allow them to live comfortably in their own homes also contributes to Programme for Government Outcome 8: We care for others and we help those in need. In 2019/20 we have:

- Commenced 161 major adaptations;
- Installed 304 lifts;
- Installed 1,299 adaptation showers; and
- Completed 3,817 other minor adaptation works.

Chart 7: Major and Minor Adaptations 2015/16 to 2019/20



We have been working to streamline the length of time tenants wait to have a major adaptation completed (LLAM KPI 4.1). The target for 2019/20 was 88 weeks and by year 4 (2020/2021) to be 52 weeks or less (measured from agreed Occupational Therapist recommendation). At year end, of the 229 schemes received, 73 major adaptations were completed or were due to be completed within the 88 week timeframe with others subject to delays with delivery or contractor capacity. As a result we did not meet this KPI target.

Asset Management Divisional Training & Development

A key focus has been, and continues to be, providing staff with the required training to ensure that they have the necessary skills to deliver their job role. Our focus continues to concentrate on providing contract management training on best practice and first principles. Over the course of the last year, training has been provided to over 200 staff, particularly within the Project Delivery department on various Planned Maintenance contracts, including Heating Services and Disabled Adaptations contract training. There has also been a particular focus on providing staff training on payment processes and provisions under these contracts, to ensure full understanding of the importance of adherence to contractual timeframes and consequent implications if not adhered to. This has all been supported by significant work in providing standard contract templates for staff use.

We also achieved our target for 2019/20 of developing a proposal and action plan for a new Asset Management Construction Skills and Learning Centre Action Plan and presented it to the Housing Executive Board for approval (LLAM KPI 5.4)

Graduate Trainee Programme

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

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

To date, 30 graduate trainees have successfully completed the programme and are now fully embedded in their job role within the staffing structure. A further eight graduate trainees are due to complete the programme in Summer 2020. The programme aims to develop staff and provide them with multi-purpose skillsets which can be utilised on projects across the division, resulting in a well-informed, flexible and motivated staff resource, who understand our business. A number of staff, who have come through the programme, have been successful over the course of the last year in securing promotion within the organisation to management positions.

A key focus of our recruitment process and advertising campaign continues to proactively encourage female applicants, aiming to change the profile of the male dominated construction industry. To date, 20% of our graduates are female. Due to the success of the programme we anticipate recruiting a further tranche of graduate trainees in 2020 from key technical disciplines, primarily for roles within the Project Delivery department. During 2019/20 we were runners up for the Guardian Newspaper's Public Service Awards in the category of 'Workforce Learning and Development'.

Procurement

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

In the 2019/20 financial period, CPU awarded over 130 contracts worth approximately £120 million. This included the first tranche of an External Wall thermal improvement tender, valued at £19m and part funded by the European Regional Development Fund. The second tranche will be tendered once COVID-19 restrictions are relaxed sufficiently to allow this type of work to recommence.

As a result of the need to stand down the Planned Maintenance tenders in the previous year, an interim tender programme with an approximate value of £60m was developed to deliver major elements of planned maintenance. This was largely awarded through the use of a number of different procurement vehicles. It should be noted that a new long term Planned Maintenance tender was due to be issued to the market in March 2020; however with the COVID-19 outbreak this was placed on hold as uncertainty in the market would make it difficult for contractors to price a long term contract. As a result, the KPI of commencing tender for the new planned maintenance contracts and awarding contracts in the 1st quarter of 2020 was not met.

The Housing Executive has, in the past, received a significant number of legal challenges that have hampered our ability to award contracts such as the Planned Maintenance Tender. However during the period of uncertainty surrounding the COVID-19 outbreak, the Housing Executive has awarded the Response Maintenance Tender for a 1+1+1 year period and is currently tendering the second tranche of the European Regional Development Fund

(ERDF) External Wall Insulation Scheme. We are also on the verge of tendering for the Planned Maintenance Programme due to be published in late September 2020.

The CPU has achieved its remaining key priorities for 2019/20 however it is expected that delivery for 2020/21 will be significantly impacted by the COVID-19 outbreak. Many procurements that were underway before the outbreak were suspended in March 2020. These actions were taken to allow time to assess and mitigate the increased risks relating to procurement and contractors' ability to deliver. It also enabled the CPU to redirect resources to focus on the disruption within our existing supply chain. Although many procurements are now underway again, the impact of the COVID-19 and the ongoing uncertainty caused by the pandemic will likely be reflected in the 2020/21 performance.

Accommodation

In 2019/20 the relocation from our former Belfast Regional Office building Great Victoria Street to a newly refurbished and reconfigured ground floor accommodation in the Housing Centre was successfully completed. The new accommodation has been purposely redesigned to create a modern and customer orientated service counter area for a range of key housing related services. This move included the transfer of 250 staff to the Housing Centre which was facilitated by some Landlord Services staff moving in 2018/19 to our other city centre office location at 9 Lanyon Place.

A KPI for the 2019/20 year, 'Develop a Housing Executive Office Accommodation Strategy' (LLAM KPI 5.3), was paused during January 2020 by the Chief Executive's Business Committee and therefore not completed. Two new projects were instead initiated to develop accommodation strategies, one within Belfast and the second more widely across the organisation.

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

Investment Programme

In 2019/20 we carried out a significant investment programme, including replacing various elements of tenant's homes such as kitchens, bathrooms, roofs, doors, heating installations and External Cyclical Maintenance schemes. Under KPI LLAM KPI 6.9 we aimed to carry out 30,550 of these improvements through our planned maintenance programme of work. At year end we achieved 23,488 elemental improvements (a number of which took place during the change of tenancy process).

The investment programme did not meet all its targets for the year. This was due, in part, to procurement challenges/issues that the programme has faced as well as contractor capacity issues across all regions which meant that contractors could not meet the demand of work required. Whilst we achieved elemental improvement targets for Bathrooms, Kitchens and Doors, we did not meet the targets for External Cyclical Maintenance works, Heating Installations, Bathroom, Kitchen and Rewire schemes (BKR), window replacements and roof replacements.

Despite this shortfall we have improved the fabric and quality of a significant proportion of our housing stock which will benefit our tenants now and in the future.

Asset Strategy & Investment Plan

During the year we continued to plan and programme stock investment in line with the strategic approach focusing on core landlord activities that were agreed with the Department for Communities in 2017. With the award of funding from the European Regional Development Fund, under its Investment for Growth and Jobs Programme for Northern Ireland 2014-2020, we have now also been able to put in place an Energy Efficiency in Social Housing programme that will improve the thermal performance of some 2,700 of our non-traditional properties. This will make a significant, and positive, difference to the comfort and health of those tenants. Indeed, with the growing global focus on climate change, energy efficiency will be an increasingly important key driver in our future plans and we are finalising a new Energy Efficiency Strategy that will set out how we plan to reduce carbon emissions and address Fuel Poverty in our homes. As part of this we are finalising a Cavity Wall Insulation Action Plan for our stock arising out of both the research carried out by the British Board of Agrément published in May 2019 and further consultation that we subsequently undertook with the insulation industry. This draft Action Plan will be published for public consultation in the second half of 2020. Developing an Action Plan in response to the BBA report was a KPI (LLAM KPI 4.7) and while completed, was scheduled to be presented to the Housing Executive Board meeting in March 2020. However, due to COVID-19 restrictions, this was deferred to the new business year. As a result, this KPI has slipped just outside the financial year.

One of our KPIs for the year, LLAM KPI 4.6, was to pilot Modern Methods of Construction projects with the Department for Communities. The business case for the original pilot in North Belfast was approved by the Housing Executive's Board in March 2020 and we have submitted a proposal to the Department for Communities for a re-provision scheme. This will combine Modern Methods of Construction techniques and low energy standards that if approved, would see the Housing Executive constructing new social housing for the first time in nearly twenty years.

However, addressing all that we want to do - indeed, all that we need to do to achieve and maintain modern standards in our stock - will require funding over and above the level of resources that we currently project being available. We welcome the proposals set out in New Decade, New Approach document that seek to narrow this gap, and keenly look forward to how and when these will be further developed. This further contributes towards PfG Outcome 11, 'We connect people and opportunities through our infrastructure', and Indicator 48, "Gap between the number of houses we need and the number of houses we have".

As 2020 marks the 5 year point for our Asset Management Strategy, and the end of the 3 year period for our temporary revised investment approach, we will be reviewing the Strategy as the basis for further discussions with the Department for Communities on this key issue of medium to long term stock investment needs and resources.

Tower Blocks Action Plan

In 2019/20 a KPI (LLAM KPI 4.5) within Asset Management was to commence implementation of Year 1 of the approved Tower Block Action Plan. Following the Board's approval in March 2019, the Action Plan was approved by the Department for Communities in August and work has now commenced on its implementation. DfC approval of the

Strategic Outline Case was not obtained until August 2019 and there has been some delay in achieving the anticipated deliverables. As a result, this KPI was scored as Amber.

The Action Plan is a long term programme that will see many of our tower blocks replaced by modern housing more suited to tenants', applicants' and communities' needs. Those that will not be redeveloped in the short-medium term will be refurbished, with the exception of three blocks where we will be exploring private sale options. Business cases setting out our proposals for each block are underway and the first of these, for the demolition of Monkscoole House in Rathcoole, was approved by the Department for Communities in January 2020. Monkscoole House is now vacant and we hope to carry out the demolition in early 2021/22. We are also preparing the refurbishment plan for the first tranche of retained blocks and hope to be on site with the first improvement scheme in 2022.

European Regional Development Fund Update

In September 2019, the Housing Executive announced the Energy Efficiency in Social Housing project to improve the energy performance of almost 2,700 of its homes across Northern Ireland. The six year €45 million programme is expected to be completed by the end of 2023, and a number of schemes addressing aluminum bungalows have already been completed or are currently on site across South Antrim, Causeway, Magherafelt and Omagh.

Improvements to the thermal efficiency of these homes include cladding, new double glazing and insulation. The remainder of the programme will see similar works to more aluminum bungalows and over 2,500 No-fines⁴ properties all across Northern Ireland.

In February 2020 the contracts were awarded to deliver the first tranche of schemes to address over 700 No-fines dwellings across our local office areas.

Response Maintenance

In 2019/20 we carried out over 320,000 response maintenance repairs to our tenants across our stock of just under 85,000 properties.

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

There are 13 Housing Executive Areas in 3 Regions serviced by nine contract lots. Three are serviced by our in-house Direct Labour Organisation (DLO), and six are serviced by four external contractors. Each contract has 12 KPIs: one is an annual KPI (KPI 6), and 11 are monthly. Against KPI 6, which is reported at the end of August, five contracts met the target and four failed. Of the rest of the monthly KPIs per lot, five are consistently performing well and four have seen performance slip over the past 12 months. Please note that there is no Northern Ireland figure as the KPIs are measured by individual contract.

Table 2 below shows the KPI reference number, description and target for each KPI whilst Table 3 shows the overall average contractor performance for 2019/20 year.

⁴ A 'No-Fines' property refers to a construction method of homes and "no-fine" refers to the type of concrete used – concrete with no fine aggregates.

Table 2: Response Maintenance Key Performance Indicator Description

	KPI Description	Target
LLHS KPI 4.1	Customer Satisfaction – Overall – Response Maintenance	96%
LLHS KPI 4.2Q	Employers Post Inspections – Pass Rate Response Maintenance (Quality)	92%
LLHS KPI 4.2C	Employers Post Inspections – Pass Rate Response Maintenance (Cost)	92%
LLHS KPI 4.3E	Time – Response Maintenance Completed on Time E	94%
LLHS KPI 4.3U	Time – Response Maintenance Completed on Time U	92%
LLHS KPI 4.3R	Time – Response Maintenance Completed on Time R	92%
LLHS KPI 4.4	Time – Voids completed on Time	97.5%
LLHS KPI 4.5	Time – Adaptations completed on Time	96%
LLHS KPI 4.6	Safety – Contractors Accident Rate, Response and Planned	500+
LLHS KPI 4.7	First Time Fix (Responsive Maintenance)	87%
LLHS KPI 4.8	Recalls to Defects in the Defects Liability Period	95%
LLHS KPI 4.9	Time – Response Maintenance Appointments Kept	94%

Table 3: Overall Average Contractor Performance, per KPI for 2019/20.

	KPI 1	KPI 2Q	KPI 2C	KPI 3E	KPI 3U	KPI 3R	KPI 4	KPI 5	KPI 7	KPI 8	KPI 9
Contract 1	96.05	92.59	93.43	94.89	95.53	94.27	99.03	98.06	91.47	95.82	94.83
Contract 2	91.09	92.59	90.84	90.81	87.68	88.52	94.08	87.69	90.43	94.78	92.47
Contract 3	95.92	88.94	93.05	92.94	87.68	93.07	96.62	94.30	88.30	94.39	94.88
Contract 4	95.97	90.20	92.53	92.94	91.36	90.28	99.36	95.54	86.79	93.81	94.39
Contract 5	93.49	93.37	93.35	94.97	92.66	87.21	97.84	85.46	92.53	95.82	92.55
Contract 6	95.02	92.66	91.00	88.79	89.29	85.15	100	81.51	88.60	95.66	89.22
Contract 7	100	97.95	97.00	96.38	97.37	92.93	98.88	98.80	91.11	96.13	95.83
Contract 8	98.93	94.10	93.34	95.55	94.79	94.15	99.15	99.33	92.32	95.56	95.49
Contract 9	98.93	92.79	93.71	95.72	94.75	93.46	98.79	97.34	93.63	95.40	95.94
Contract 10	98.93	93.32	94.51	95.79	96.28	94.58	99.61	99.38	90.97	95.81	95.74
Contract 11	96.67	93.72	92.65	95.85	94.57	93.21	99.36	97.64	91.65	95.22	96.34
Contract 12	99.46	95.40	93.72	95.83	96.61	93.53	99.72	97.87	91.51	96.39	95.88
Contract 13	99.68	96.06	95.03	97.18	96.49	94.56	100	96.69	91.19	95.92	98.36
Contract 14	97.10	90.95	92.05	93.71	92.24	88.91	97.13	93.91	90.92	95.06	94.24
Contract 15	96.78	87.30	90.23	93.27	91.77	83.22	97.30	82.16	89.74	95.82	93.54

Direct Labour Organisation

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

The current DLO business consists of 460 staff (including agency staff). Alongside the response maintenance service, staff are engaged in the delivery of a grounds maintenance service, the motor vehicle workshop and electrical health and safety inspections.

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

Performance and service delivery are measured against both organisational and contract KPIs similar to external suppliers. The DLO aims to meet challenging targets on repair quality and repair completion, provide continual training to develop a highly skilled and committed workforce, and develop best in class and best value models.

Compliance and Health and Safety

The Compliance Health and Safety Department provides the organisation with the assurance that compliance/health and safety requirements are being coordinated and centrally monitored. The Department consists of three teams:

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

The Health and Safety (H&S) Team were also responsible for successfully delivering against KPI LLAM KPI 2.9.1 which aims to carry out an inspection on site of each principal contractor at least once a month. Despite significant effort by the contractor, H&S Team and local Area Office staff, we narrowly missed our target against LLAM KPI 3.1 that aims to carry out Legionella Surveys against properties, including community lets, domestic and medium high rise flats and commercial properties.

Key achievements by the Compliance/Health and Safety Team during 2019/2020 included:

- The completion of 99.52% annual landlord gas safety with the remaining properties being managed through the "no access" procedure;
- Achieving 94% of the fire safety risk assessments programme for 2019/2020 and progressing fire safety remedial works; remaining properties will be completed in 2020/2021;
- The establishment of regular liaison meetings with the Health and Safety Executive for Northern Ireland;
- Reviewing the impact of recent fire safety reports arising out of Grenfell on Housing Executive Tower Blocks and other relevant property tenures;
- Completed 82% of remaining bespoke domestic property archetypes asbestos surveys; outstanding surveys will be completed in 2020/2021 including remaining communal areas and garages;
- Completed 99.4% of the planned legionella risk assessments;
- Publishing monthly Health & Safety Bulletins and twice yearly Safety Bulletins that continue to inform and update staff on key health & safety issues, new policies and lessons learnt;
- Carried out a programme of Compliance/Health & Safety Policies reviews and developed new Policies;
- Participated in a Department for Communities (DfC) Audit on the role of

- the Construction Health and Safety Team; and
- Procured accredited and specialised Health & Safety Training from a number of external providers and launched these in January 2020.

Regional Services Performance Analysis

The Housing Executive is the Strategic Regional Housing Authority for Northern Ireland. Regional Services work encapsulates this strategic role.

We work strategically on housing matters across Northern Ireland, supporting a range of stakeholders to create sustainable places and communities where people want to live. Many of our Key Performance Indicators help to deliver Programme for Government outcomes and these will be indicated along with the KPI reference.

We carry out significant customer-led research and market intelligence. This ranges from customer surveys, housing market analysis, house condition surveys, through to assessing housing need. The latter informs local authority community planning frameworks as well as the basis for the new build programme which is delivered in conjunction with our housing association partners as well as supporting people across the spectrum of health, housing and justice to live as independently as possible and for as long as possible in their own homes.

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

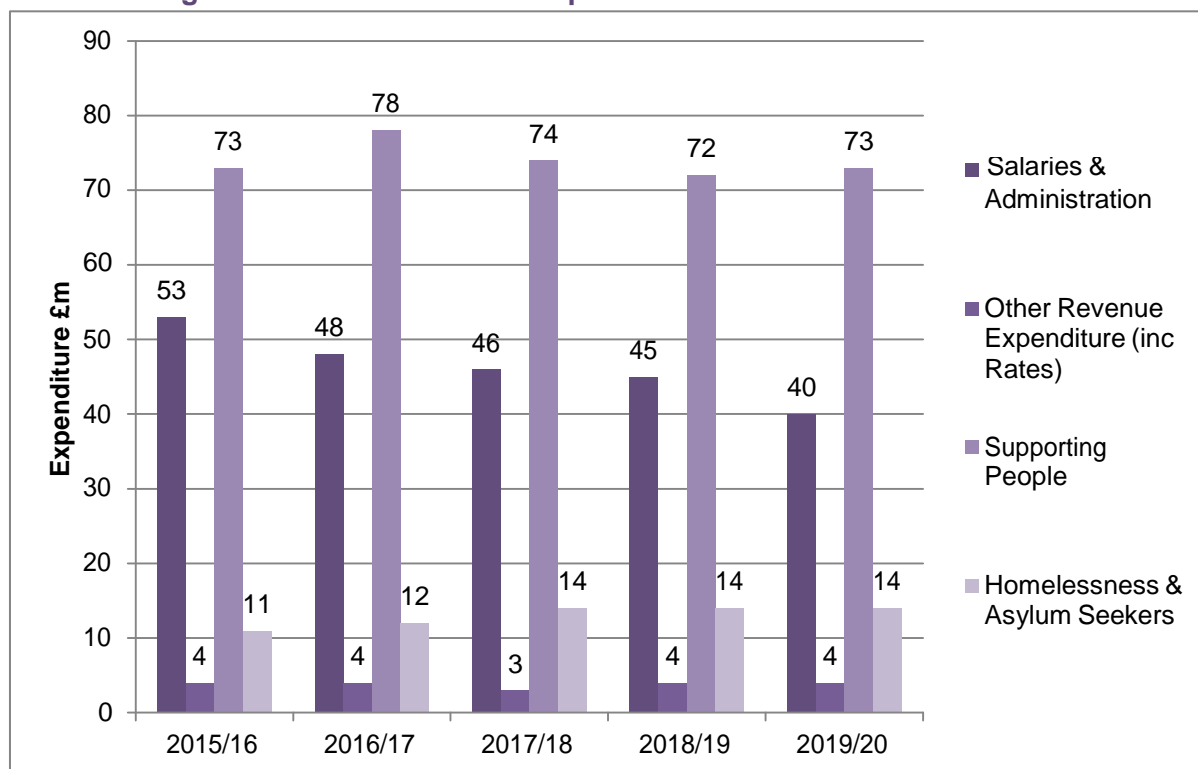
As the Home Energy Conservation Authority for Northern Ireland, our role is to consider best practice and seeks to support improvements in home energy efficiency across the entire housing stock in the region. This is an important role which will gain in strategic importance in the coming years as climate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

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

Regional Services – Financial Challenges

Regional Services, which is funded by Government grant, continues to experience significant increasing demands and costs in the delivery of its statutory homelessness and other services. Given the austerity funding constraints introduced across the wider public sector in recent years, there has been a continued requirement to seek efficiencies in order to deliver services within a reduced year-on-year opening revenue budget allocation. These funding cuts represent a real-terms reduction in revenue funding of circa 18% since 2014/15 and have proven particularly challenging given increasing demands placed on our homeless and other core services during the past few years. Whilst a more targeted funding approach has been adopted in relation to the delivery of statutory services, the aim remains to protect and invest in key frontline customer services.

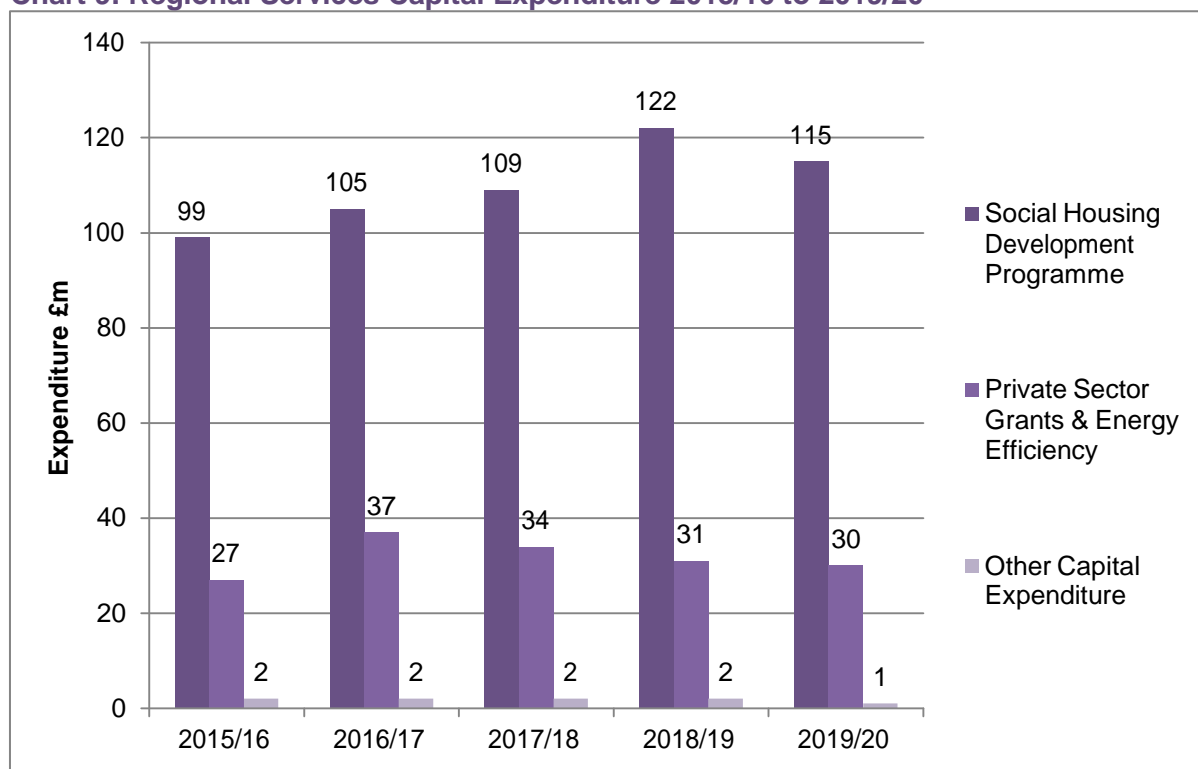
Chart 8 – Regional Services Revenue Expenditure 2015/16 to 2019/20



Regional Services revenue funding has presented significant challenges in the delivery of both statutory and non-statutory functions. Key trends that have resulted include:

- Supporting People funding has been protected during the past 5 years reflecting sector pressures in the provision of supported accommodation;
- Salaries and Administration costs have reduced significantly in real terms, mirroring a year-on-year reduction in staffing levels;
- Homeless accommodation service demands continue to grow year-on-year, necessitating increased use of temporary accommodation in the form of single lets and, but only as a last resort, non-standard accommodation such as hotels and bed and breakfast accommodation.

Chart 9: Regional Services Capital Expenditure 2015/16 to 2019/20



The Regional Services' capital expenditure trend illustrates a continuing commitment to delivery of the Social Housing Development Programme, albeit the latter part of the 2019/20 programme was significantly impacted by the COVID-19 pandemic. Separately, investment in Private Sector Grants & Energy Efficiency has largely been sustained over the period, with an increasing focus on Affordable Warmth grants since 2016/17.

Budgetary Management

Regional Services spent a total of £276.8m in 2019/20, as summarised below:

Table 4: Regional Services Capital Expenditure in 2019/20

Regional Services Capital Expenditure 2019/20	Expenditure £m
Social Housing Development Programme (including TBUC)	115.1
Private Sector Grants	15.6
Energy Efficiency	13.8
SPED Purchases	0.3
Other Expenditure	0.8
Land & Property	0.3
Total	145.9

Table 5: Regional Services Revenue Expenditure in 2019/20

Regional Services Revenue Expenditure 2019/20	Expenditure £m
Supporting People	73.3
Salaries & Administration	39.6
Homelessness & Asylum Seekers	14.1
Research	0.5
Payments to Councils (Affordable Warmth)	0.6
Vulnerable Persons Resettlement Scheme	1.7
Other Expenditure	1.1
Total	130.9

Delivery of our programmes and services was funded almost entirely through grant aid from the Department. Other income of £3.2m was received, the largest element of this for the cost of housing services for Asylum Seekers (£1.7m).

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

Total KPIs	Green	Amber	Red	Data only
31	14	10	5	2

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

Supporting People

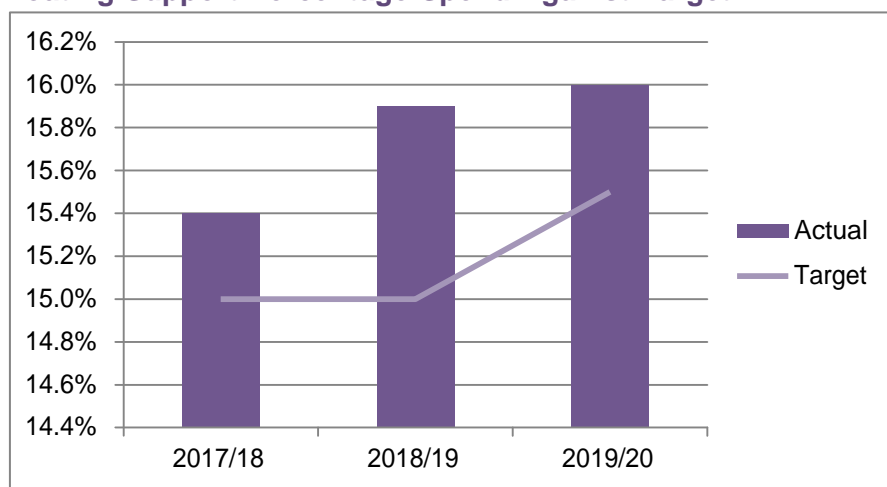
The financial year 2019/20 marked the 16th year of the Supporting People (SP) Programme. Since the programme began in 2003, approximately £1 billion of grant funding has been distributed by the Housing Executive to support the delivery of housing related support services. For the 2019/20 financial year the original SP budget was £72.798m. An allocation of £0.43m was made to the Provider Investment Fund (PIF). In recognition of additional expenses arising from COVID-19, SP made £300k available to providers for expenditure incurred in 19/20. Overall in 2019/20, £73.279m was distributed to over 850 housing support schemes, with the capacity to support over 19,000 vulnerable people.

Our Supporting People work contributes to the draft Programme for Government Outcome 8: We care for others and we help those in need. Applicable KPIs are RSKPI 4.10: Floating Support (FS) and the Supporting People Review and Implementation Plan RSKPI 4.5.1 & RSKPI 4.5.5. Commentary is provided below.

Chart 9 shows performance has been above target and in 2019/20 the target to ensure a minimum spend of SP Programme funding delivered through Floating Support (FS)

was 15.5% and was exceeded with 16% achieved. The purpose of prioritising FS was as a mechanism for promoting an early prevention and support approach to living independently within a home setting.

Chart 10: Floating Support Percentage Spend Against Target



We continued to progress the two remaining recommendations from the 2015 Departmental Review of the SP Programme.

Recommendation 1 (RSKPI 4.5.1) - Strategic Needs Assessment (SNA); To introduce a new strategic, intelligence-led approach to needs assessment across all client groups, which takes proper account of demographic trends and other social factors to identify current and future patterns of need.

During 2019/20 progress continued to be made to further develop the needs assessment framework, in partnership with key stakeholders. It was noted that substantive progress had been made to develop an initial analysis, risks and issues to the overall project status and that the project team had scoped alternative plans to progress the project in response to COVID-19. It is anticipated that a final needs assessment report will be completed by September 2020 in line with agreed project delivery timescales.

Recommendation 5 (4.5.5) - Standardised Regional Payment Rates (SRPR): "Standardised regional payment rates should be developed for Supporting People services, based on the existing banding system, and in conjunction with service providers. The new rates should ensure all schemes represent value for money".

In 2019/20 the Housing Executive undertook a public consultation on the options for implementing Standardised Regional Payment Rates. Following this, the Housing Executive Board agreed the implementation of standardised rates in principle, subject to DfC endorsement. Department for Communities recognised the work completed and have asked for comparable alternatives to be presented, this piece will be taken forward in 2020/21.

The KPI (RSKPI 4.12) to fully expend the Provider Innovation Fund by March 2020 was achieved.

Strategic Direction

The Supporting People Plan for 2019/20 and Strategic Intent 2020-22 was published in March 2019. This document set out the rationale for exploratory work and changes to be made during the 2019/20 business year and a plan for the parallel development of a three year Strategy. During 2019/20, through engagement, we developed a three year Strategy. The public consultation period on the final draft, although delayed by the COVID-19 pandemic, will be undertaken in the autumn of 2020.

COVID-19

The 2019/20 year ended in an unplanned way with the unprecedented effect of COVID-19. We issued a COVID-19 Contingency Plan and shared Public Health and Central Government Guidance with all service providers. We temporarily suspended contract management and reporting requirements and gave flexibility, to allow for adaptations in service delivery.

Homelessness Services

The Housing Services Division delivers the homelessness function on behalf of Regional Services. In 2019/20 the number of households presenting as homeless decreased from a target of 18,202 (March 2019 outturn figure) to 16,802, representing a reduction of almost 8%. As a result, this KPI (LLHS KPI 7.03) was achieved. Those accepted as having Full Duty Applicant (FDA) decreased from 12,512 to 11,323 over the year representing a reduction of almost 10%. Single people, at 43.7% of the total awarded FDA, remain the highest overall presenter household category grouping.

The top three reasons for homeless presentations continue to be accommodation not reasonable, sharing breakdown/family dispute, and loss of rented accommodation. Overall, 60.7% of presenters are in these categories.

In 2019/20 there was a total of 6,654 allocations for properties in social rented properties with 6,423 of these being to Full Duty Applicants. Allocations to Full Duty Applicants represented a total of 96.5% of all allocations in 2019/20.

Over the course of the past year we have provided total funding of approximately £37.9m for homeless services across Northern Ireland with this funding helping to provide:

- £7.5m on temporary accommodation, including Dispersed Intensively Managed Emergency (DIME);
- £1.8m for storage of personal belongings;
- £3.35m on outside agencies in the voluntary sector; and
- £27m on Supporting People funding of homelessness services.

The Homelessness Strategy 2017-22 was published in April 2017 and over the course of 2019/20 there has been significant work to achieve the Year 3 actions within the Strategy.

The Housing Executive is solely responsible for 15 of the 17 actions included in the Strategy which were completed in line with the milestones set out in April 2019. Of these 15 actions the full implementation of two actions was subject to minor delays as a result of COVID-19 while the provision of a Private Rented Sector Access Scheme was not completed due to funding challenges. Despite this, significant progress was made in year to implement year 3 actions and this KPI was scored as amber. Key achievements over the course of 2019/20 included:

- The delivery of a Homelessness Prevention Fund which assisted organisations across Northern Ireland in the delivery of 29 projects which aimed to assist households in sustaining their current tenancies;
- The continued development of a Common Assessment Framework which aims to provide a single assessment tool which the Housing Executive and other partner agencies use to share information relating to the background of, accommodation and/or support needs of individuals subject to their agreement;
- The publication of a Chronic Homelessness Action Plan following a 13 week public consultation on a draft document. The final Chronic Homelessness Action Plan was published in February 2020. As a result we achieved our KPI (LLHS KPI 7.11);
- The Annual Progress Report of Year 1 of the Homelessness Strategy Action Plan was produced and launched at an event in October 2019, thus meeting the associated KPI. (LLHS KPI 7.09)
- Achieved our KPI (LLHS KPI 7.04) of maintaining the average length of time in temporary accommodation from March 2019 outturn figure from 40.1 weeks to 39.3 weeks.
- The continued delivery of Homelessness Local Area Groups and a Service User Forum which ensure that partner agencies at a local level and service users are involved in the delivery of the Homelessness Strategy.

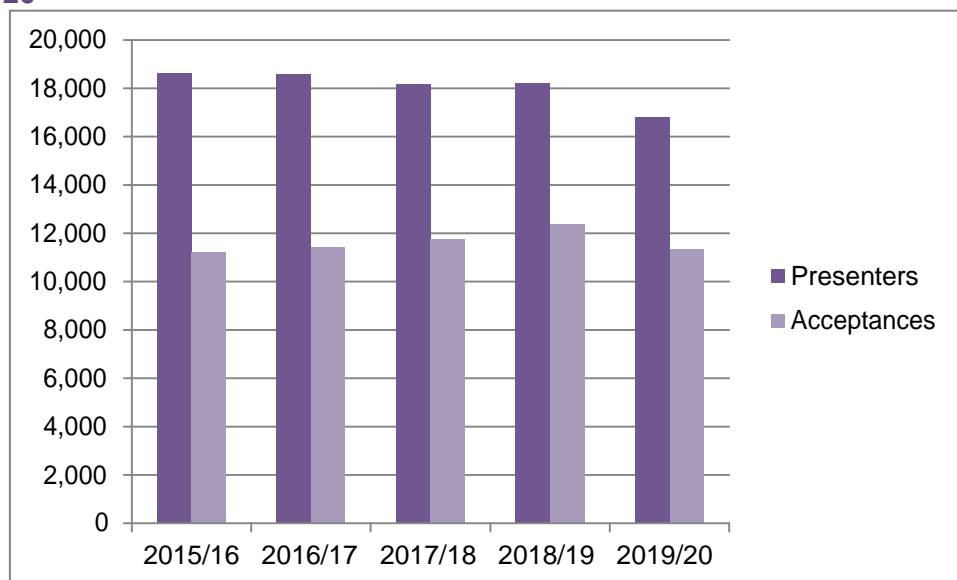
In addition to work carried out on the delivery of the Homelessness Strategy additional achievements included:

- The successful delivery of an out of hours homelessness service by the Housing Executive since 1st April 2020. This service was previously delivered by the Regional Emergency Social Work Service within Belfast Trust;
- The implementation of outcomes reporting for projects funded directly from the Housing Executive's homelessness budget;
- Work on protocols that reflect the multi-agency nature of preventing and addressing homelessness. Such protocols include hospital discharge protocols and a prisoners protocol;
- The extension of the Dispersed Intensively Managed Emergency Accommodation (DIME), a service which is vital to the Housing Executive in assisting some of the most vulnerable individuals who present for homelessness assistance.

While the impact of COVID-19 was only felt at the conclusion of 2019/20 it is necessary to note the significant impact this will have on homelessness throughout 2020/21. It is expected that there will be significant additional demand for temporary accommodation while the economic impact may lead to circumstances that result in many households presenting as homelessness as result of job losses resulting from the ongoing pandemic. The Housing

Executive will work closely with all of our partners in delivering our COVID-19 Surge Plan and the accompanying Exit Strategy which will govern how we as an organisation respond to the challenges presented by COVID-19.

Chart 11: Five year trend for Homelessness Presenters and Acceptances 2015/16 to 2019/20



Disabled Facilities Grants

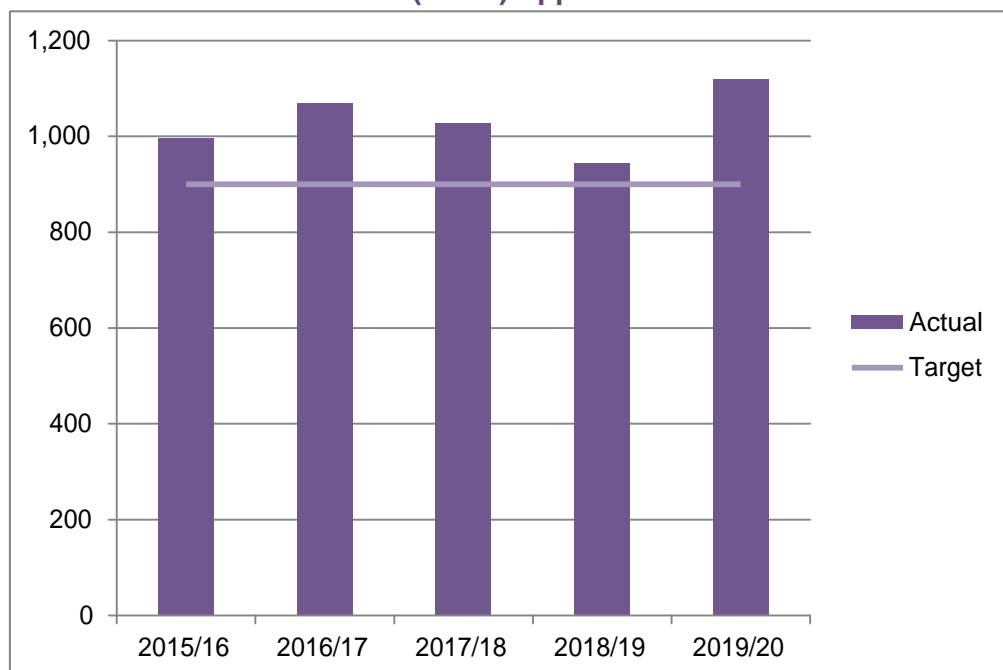
Disabled Facilities Grants (adaptations) is one of two mandatory grants offered by the Housing Executive. They are delivered in partnership with Health Trusts and Occupational Therapists. This work helps people to remain living independently for as long as possible.

Our work contributes to the draft PfG Outcome 8: We care for others and we help those in need, specifically RSKPI 3.9 to improve service delivery times for Disabled Facilities Grants.

A new process and information technology system were implemented during the year and two areas were identified to measure future performance. However, the introduction of the new system and processes was only implemented in all offices during June 2019 and the throughput of cases was deemed limited for the purpose of setting meaningful baselines. It has been agreed that improvements will be evaluated after December 2020 when sufficient volume will have been processed in the new environment.

During 2019/20 a total of £10.8m was invested through our Grants services and there were 1,119 Disabled Facilities Grants approved against a target of 900 (See Chart 12).

Chart 12: Disabled Facilities Grants (DFGs) Approved 2015/16 – 2019/20



Accessible Housing Register (AHR)

The Accessible Housing Register (AHR) is a signature project, the importance of which is acknowledged within the Northern Ireland Executive’s *Active Ageing Strategy 2016-21*; as well as the Department for Communities’ *Facing the Future Housing Strategy 2012-17*; and the Inter-Departmental *Review of Adaptations Report & Action Plan 2016-17*.

The key drivers for the development of the AHR are legislation, government policy & objectives, demographics, and economics. The AHR has evolved from being intended for use solely as an information tool, to the point where it will also serve to assist frontline staff offering housing advice and assistance and as a forward planning and allocations tool.

Accessible housing is a key enabler for people with disabilities, as it helps to promote better social inclusion and facilitates independent living.

We have interim AHR arrangements in place and are currently working with the Northern Ireland Federation of Housing Associations (NIFHA) to develop a cross-sector AHR solution.

The AHR was programmed for completion and “go live” in May 2020, however this originally anticipated completion date has been delayed due to the impact of the Covid-19 pandemic. Both the Housing Executive & NIFHA are committed to the implementation of the AHR and intend to have the system fully operational as early as is practically possible during 2020/21.

Housing the Traveller Community

We continue to assess accommodation options for Travellers. Throughout 2019, the Housing Executive commenced work on two major strategic Irish Traveller projects. Publication of both the Irish Traveller Accommodation Survey 2018/19 and Irish

Travellers' Accommodation Strategy 2020 – 2025 (RSKPI 2.11) is expected in Summer 2020.

Housing Research

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

Research published by the Housing Executive during 2019/20 included two reports on the potential impacts of the Social Size Criteria (bedroom tax) on Housing Executive tenants. The findings were part of the body of evidence used to make the case for continued mitigation of the bedroom tax in Northern Ireland, and the role of the research evidence provided by the Housing Executive in informing deliberations on the options for continued mitigation was highlighted in the *Review of Welfare Mitigation Schemes* report (DfC, March 2019).

We also published a report on the housing issues, needs and aspirations of older people in Northern Ireland, which drew on quantitative data and qualitative interviews. The research provided important insights on older people's perspectives and the findings informed our own organisational development of an Older People's Housing Strategy.

Following publication of the full report on the findings of the 2016 Northern Ireland House Condition Survey in 2018, a further two reports on additional modelling work were produced during 2019/20. The first provided estimates of fuel poverty in 2017 and 2018, and the second considered the cost to improve the SAP (energy efficiency) rating of dwellings in Northern Ireland from band 'F' or 'G' to band 'E'. The findings were welcomed by users and will inform the work we carry out as the Home Energy Conservation Authority for Northern Ireland.

Substantial progress was also made on a number of key projects that commenced during 2019/20 and are now nearing completion. One of the most complex was the first phase of a Strategic Housing Market Analysis, which will help us assess cross-tenure housing needs, inform the Local Development Planning process and assist stakeholders in contributing to the Government's aim of ensuring that the supply of housing across all sectors in Northern Ireland meets demand. We also carried out research to help us draft an Irish Travellers' Accommodation Strategy. Extensive consultation and engagement with the Irish Traveller community, their representatives and key stakeholders was carried out to pave the way for a survey that gathered evidence on Irish Travellers' accommodation and their future accommodation preferences.

We continued to carry out research to help us better understand the views, experiences and needs of our customers, particularly our own tenants. Our Continuous Tenant Omnibus Survey again provided a wealth of information to help us benchmark our performance and improve our services, and we are also grateful for input from tenants who provided valuable

insights on their experience of Universal Credit as part of a qualitative project to help us understand how best to communicate with and assist customers as UC is rolled out for all claimants. Work also started on a suite of projects that will inform our strategic and policy approaches to homelessness prevention and service delivery.

While the majority of the research programme was delivered at year-end, some slippage was noted, for a variety of reasons including Covid-19.

During 2019/20, we hosted one 'Insight' Housing Market Intelligence Exchange event (RSKPI 1.2), at which we shared findings from research carried out by and for the Housing Executive and heard about related research and policy from the wider housing sector. Unfortunately the second event, which had been planned to take place in March, had to be postponed due to the emerging COVID-19 pandemic. This was disappointing, as these events continue to provide a valuable opportunity to engage with key stakeholders and decision makers, share and sense check our findings, and ensure that our research meets the needs of the sector. Depending on how social distancing rules unfold in the coming months, we may need to look at other ways of engaging with stakeholders and users of our research.

We publish all our reports on our website: www.nihe.gov.uk/Working-With-Us/Research

Housing Benefit Administration

The Finance, Audit and Assurance Division administer the Housing Benefit function on behalf of Regional Services. At the end of March 2020 there were 126,819 customers claiming Housing Benefit (HB) broken down as follows:

Table 6: Breakdown of Customers Claiming Housing Benefit 2019/20

Tenure	Number of Customers
Housing Executive tenants	53,566
Housing association tenants	27,702
Hostel claims	1,610
Private rented sector tenants	43,941

Over the course of the year we paid out £559m in HB (excludes Discretionary Housing Payments), assessing 24,982 new claims for HB and dealing with 314,889 changes to existing claims notified by claimants and 2,596,467 changes notified via the Department for Work and Pensions (an information system that informs local authorities of any change to other social security benefits or tax credits).

There were six KPIs for Housing Benefit in 2019/20. Housing Benefit demonstrated strong performance in exceeding their targets for all KPIs. In addition to this, a number of KPIs showed significant improvement from performance reported in 2018/19, when Housing Benefit also met all their KPIs. Overall KPI performance for 2019/20 is shown in Table 7 below.

Table 7: Housing Benefit KPI Target and Performance 2019/20

KPI Title and Code	2019/20 Target	2019/20 Performance
SSKPI 5.1 Process new HB claims within an average of 20 days.	20 days (average)	9 days (average)
SSKPI 5.2 Process change of circumstances claims within an average of 7 days.	7 days (average)	2 days (average)
SSKPI 5.3 Ensure an accuracy rate of 97% for HB award assessments.	97%	99.4%
SSKPI 5.4 Recover Overpayments to the value of £13 million.	£13 million	£14.8 million
SSKPI 5.8 97% of new claims decided within 14 days of having all information.	97%	99.6%
SSKPI 5.9 Process 40% of new claims within 10 days of receipt of the claim.	40%	75%

Additional financial assistance was delivered to 17,981 claimants through the Discretionary Housing Payment Scheme, with awards totaling £4.68m being made over the course of the year. Distribution under Housing Benefit and Discretionary Housing Payment scheme for the financial year totalled £563.7m, compared with £621.2m for 2018/19.

Further help with rates charges was also provided through the Rates Relief and Lone Pensioner Allowance (LPA) Schemes. During 2019/20 a total of £2.435m was paid in Rates Relief to Housing Executive and Housing Association tenants. Total Caseload including Private Rented Sector is recorded as 15,809 at the end of March 2019. A further £179k in LPA was paid to Housing Executive and Housing Association tenants. Total Caseload including Private Rented Sector is recorded as 5,999 at the end of March 2019. Additional awards of Rates Relief and LPA totaling £2.13m 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 2019/20 sanctions were taken against 125 claimants for benefit fraud, and we recovered around £14m of overpaid HB, of which £0.8m was recovered directly from Housing Executive tenants through Housing Benefit payments in year.

Welfare Reform

The Finance, Audit and Assurance Division administer the Welfare Reform function on behalf of Regional Services. During the 2019/20 year the Housing Executive has continued to implement and administer welfare reform changes, including the three policies that significantly impact on our tenants and customers: Social Sector Size Criteria (SSSC) (also known as the 'bedroom tax'), Benefit Cap and Universal Credit.

The Housing Executive welcomed the Minister for Communities' decision to introduce new legislation to extend the SSSC mitigation beyond 31st March 2020. It is anticipated that Welfare Supplementary Payments will therefore continue to be made for those impacted by SSSC. Similarly for those impacted by Benefit Cap it is anticipated that Welfare Supplementary Payments will also continue although this process does not require a change to primary legislation.

The natural transition of Housing Benefit claimants to Universal Credit (UC) continued throughout the year albeit at a slower pace than previously anticipated. The managed migration of legacy Housing Benefit caseload (now re-designated 'Move to UC') has been further delayed and will not commence on January 2021 as previously planned, with the completion of this process also deferred until September 2024.

The 'Move to UC' programme is not yet developed in Northern Ireland (or in UK as a whole) however consideration of a partner led approach involving the Housing Executive as a trusted partner to support claimants/tenants to move to UC is seen an endorsement of the work undertaken by the Housing Executive during the ongoing 'transition to UC'. The Housing Executive has developed processes to help both private and social tenants during the transition phase from Housing Benefit to UC and has been especially proactive in terms of ensuring the 2 week transitional HB payment is paid and signposting Mixed Age Couples to UC well in advance before 'Legacy' benefits end. In addition our Financial Inclusion Team works closely with our tenants who have transitioned to UC to help them understand the UC ethos to maintain their claim commitments and to ensure that UC payments continue. These are some examples of the work undertaken by the Housing Executive which are recognised by DfC to make us best placed to work in partnership during the 'Move to UC' phase.

Work continued during the year with the UC Project Team in Department for Communities (DfC) with the development of a new Housing Cost report which provided details of payments due to the Housing Executive for tenants who have migrated to UC. In addition, investigations were undertaken on how to recover Housing Costs from UC for an additional one week's rent liability that occurred during 2019/20 (a 53 week year for payment purposes). A tactical solution is being developed and, if successful, it is planned to be implanted in October 2020. We also engaged with Department for Works and Pensions on a pilot scheme to introduce new payment arrangements for social landlords, resulting in positive impacts on rent accounting processes and arrears. The Pilot was successful and fully implemented from April 2020 which brings payments of Housing costs in line with payments of Universal Credit to tenants.

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

New Social and Affordable Housing

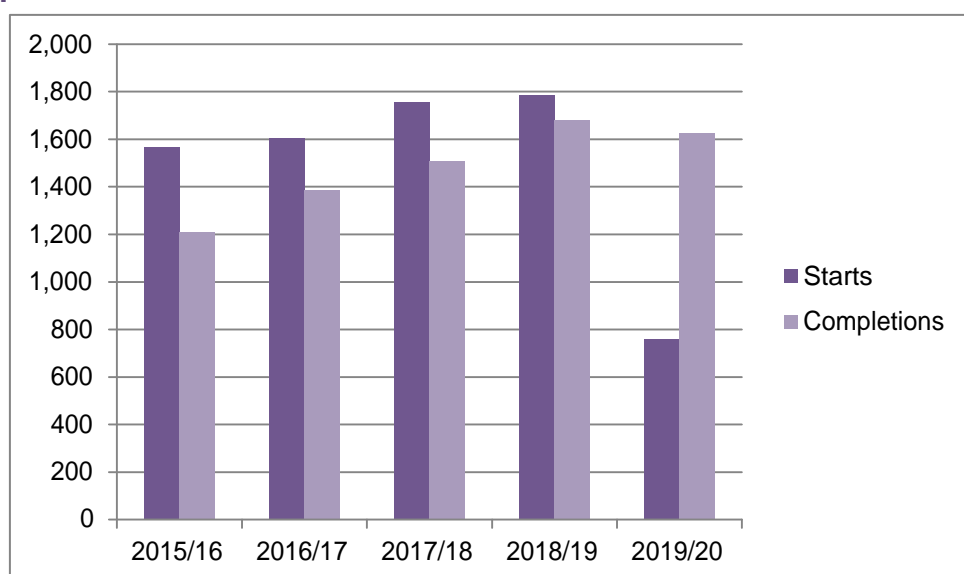
The Housing Executive's Development Programme Group (DPG) manages the Social Housing Development Programme (SHDP) on behalf of the Department for Communities. This work contributes to the draft Programme for Government Outcome 11: We connect people and opportunities through our infrastructure.

The SHDP is managed on a rolling 3-year basis, with each iteration subject to approval from both the Housing Executive's Board and the Minister for Communities. For the 2019/20 year, a budget of around £146m was in place to deliver on key headline targets of 1,850 new social housing starts (RSKPI 2.1) and 1,500 social housing completions (RSKPI 2.2), as well as a number of ancillary targets.

All new social housing is developed by around 12 housing associations. DPG manages the SHDP through close working relationships with these associations, and a range of internal parties (including the three Regional Place Shaping teams, Land & Housing Analytics and Supporting People) and external stakeholders (including DfC, Council Planning Departments and Land & Property Services). DPG is responsible for both SHDP Programme Management and individual Project Approval (calculation of Housing Association Grant; and assessment of each new social housing scheme in terms of Value for Money against DfC benchmark costs, and design compliance with DfC's Housing Association Guide). DPG also works with DfC staff to secure Departmental Approvals for schemes when the level of Housing Association Grant funding is above Delegated Approval Limits.

In 2019/20, the normal year-end SHDP activity was severely disrupted by the impact of the Covid-19 pandemic. Whilst NIHE and housing associations had been working towards securing 1,903 new social housing starts before year-end, only a total of 761 units were actually able to be confirmed (See Chart 13).

Chart 13: Social Housing Development Programme Starts and Completions 2015/16 to 2019/20.



The main adverse impacts on confirmation of starts related to the following factors:

- Completion of site/property acquisitions – the closure of Land Registry, coupled with consequent advice from the Law Society and individual solicitor firms in many cases, was that there was too much risk associated with the completion of site and property acquisitions;
- Securing Planning Approvals – a combination of the cancellation of Planning Committee meetings, the closure of Planning offices, and working through the impact of the move to remote working (on Planning processes) delayed the closing out and issuing of Decision Notices for Planning Applications. The biggest single impact was the effect of the pandemic on the two Special Planning Committee meetings which had been due to be held on 24th March (Derry City & Strabane) and 25th March (Newry, Mourne & Down) – at which a combined total of 4 schemes with a total of 454 units were expected to be confirmed as approvals. A number of Planning Applications that would have been processed under individual Councils' Schemes of Delegation were also adversely affected by COVID-related disruption. The two largest schemes affected in this way were Habinteg's 152-unit scheme at the former Adria Factory site in Strabane, and Apex's 247-unit proposal at Craigmore Way, Newry.
- Constrained ability to enter into new construction works contracts/development agreements – advice from the Construction Employers' Federation (CEF) and associations' independent legal advice resulted in a significant number of schemes for which there was too much risk associated with the signing of new NEC3 construction works contracts or development agreements (with competitive design & build developers) and therefore a risk associated with protracted delays and compensation events, for example.

These factors in turn impacted upon the successful delivery of the ancillary targets:

- DfC had sought that 8.5% of general needs new build starts be designed to wheelchair standard (RSKPI 2.5). Although we could have achieved 7.5% in relation to this target, only 26 wheelchair starts were confirmed, representing 5% of all general needs new build starts (537 units);
- We had hoped to deliver over 100 units of the overall starts targets on Housing Executive Transfer land (RSKPI 2.6). Whilst up to 192 units were still anticipated prior to the impact of the pandemic, only 33 units could actually be confirmed on Transfer land.
- DfC had sought 200 one-bed units (RSKPI 2.3) as part of the overall starts target. Although 120 one-bed starts were confirmed in 2019/20, we had anticipated that up to 310 units would have been possible had all schemes been able to proceed;
- The target for housing in rural areas was 11.7% of the programme (c. 215 starts). Although our maximum out-turn was expected to be below target (around 150 units), we were only able to confirm starts on 68 units in rural areas.

Despite the negative impacts of the pandemic, there were many positive stories from the schemes that were confirmed as starts. These included Radius Housing starting work on 75 units at Coleraine Road, Portstewart which are part of the Northern Ireland Executive's

'Housing for All' (Shared Housing) programme; Clanmil Housing securing starts on two vital schemes in an area of high housing need in North Belfast (at the former St Gemma's School and Brookfield Mill sites); and Radius' re-development of the former Northern Trust-owned property at Moylinney House (Newtownabbey) into a scheme with new design elements to cater for older people. A number of housing associations were also able to make progress last year on the delivery of new or refurbished homes for applicants with complex needs. Almost 200 of the confirmed starts were via the acquisition of existing satisfactory or off-the-shelf properties from the private market.

Whilst there was obviously a significant impact on the utilisation of the £146m budget, this impact was lessened by the approval for funding for the advance acquisition of three sites by Apex Housing, which will help to secure an anticipated 520 units in an area of high housing need in West Belfast, as well as 80 units in Newtownabbey and 125 units in Lisburn, which will all be delivered in future programme years.

On a more positive note, the completions target of 1,500 units was exceeded (with 1,626 completions being recorded in 2019/20), a figure which included 48 wheelchair units, 118 units for active older people, 51 Supported Housing units (across various client groups), and 106 units in rural areas (including Rural Housing's 14-unit development at Sion Mills – a scheme nominated for design awards by RTPI, RSUA and CIH).

As well as enabling delivery of new social housing across Northern Ireland, the Housing Executive's Development Programme Group also provides grant assistance to housing associations to carry out vital adaptations to their properties for tenants with disabilities. In 2019/20, a total of 1,159 adaptation claims were assessed, providing Grant funding of £3.25m to housing associations for the works, including 8 major adaptations (extensions, ground floor bedrooms etc).

Sustainable Development

Under the Home Energy Conservation Act (1995), the Housing Executive is Northern Ireland's sole Home Energy Conservation Authority (HECA), and is mandated to report on energy efficiency progress across all residential sectors, identify measures that it considers to be practicable, cost-effective and likely to result in a significant improvement in the energy efficiency of residential accommodation and consequently promote energy efficiency awareness across all residential households in Northern Ireland. We produce a HECA progress report annually (RSKPI 3.7) and publish on our website. This slipped slightly into the new financial year due to factors outside our control including COVID-19 restrictions. We have invested £21.8 million to complete 5,910 heating conversions of our own properties and also invested £1.7 million to provide 990 double glazing installations over the same 12-month period.

Across the private sector, our colleagues in the Grants Department managed the Affordable Warmth and Boiler Replacement Schemes on behalf of the Department for communities and details can be found in the Private Sector Improvements section.

The 27 Oil Buying Club network is continuing to serve over 5,000+ households across Northern Ireland and has delivered over 2.5 million litres of home heating oil at a saving of 11.7% below the average price in the previous year. This service, since its inception

five years ago, is managed by the Housing Executive and has been delivered by Bryson Energy. However, since February 2020 the operational delivery moved into the Sustainable Development Unit within the Housing Executive and we are grateful to Bryson Energy for developing this service and facilitating the smooth handover.

We continue to manage Northern Ireland's only local, impartial energy advice line service offering an array of services including energy efficiency, switch and save of energy suppliers, energy grant opportunities and benefits check delivered by Bryson Energy. Last year over 6,949 calls were successfully dealt with (RSKPI 3.15) including 1,891 onward referrals (RSKPI 3.17) to grants and/or benefits. This work contributes to Programme for Government Outcome 2: We live and work sustainably protecting the environment

In October 2018, our expertise, as the Home Energy Conservation Authority (HECA) for Northern Ireland, was recognised internationally when the Housing Executive was appointed Lead Partner to coordinate and manage a three-year energy efficiency transnational project called HANDIHEAT. This €2 million EU Northern Periphery and Arctic Programme (NPA) project originated from a concept to provide renewable energy for a community scheme in Irvinestown, Co Fermanagh. The Housing Executive as Lead Partner is responsible for managing the six partners across five EU countries as well as managing the installation and progress of a pilot demonstration site of six houses, located at a sparsely rural settlement in Lisnaskea, Co Fermanagh. These six houses will have value for money refurbishment works including low carbon heating systems fitted with data being collected over a one year period. Now in the second year, HANDIHEAT partners are continuing to progress their activities and outputs with a focus on:

- Policy review of fuel poverty and health/housing;
- Benchmarking existing best practice across partner countries;
- Demonstration pilots in Finland and Northern Ireland; and
- Development of a toolkit of sustainable solutions for retrofit within rural communities.

During the last reporting period the Lead Partner has chaired monthly partner conference calls (virtual) and two full partner meetings in Mayo, Ireland in May 2019, and another in Iceland in September 2019.

The Sustainable Development Unit continues to successfully maintain the environmental management system to the international environmental management standard ISO 14001:2015 for our operations at the Housing Centre. The unit also:

- supported our Rural Unit with the introduction of an overarching 'Sustainable Village of the Year' category to reward 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;
- with leadership from the Board and Directors, is focused on operational improvements to improve the environment and promote efficiency savings in energy and waste.

We continue to embed the ethos of sustainability throughout our energy efficiency and environmental management initiatives and provide leadership across local communities.

Private Sector Improvement Services

Our Grants Team administers grant-aid on behalf of the Department for Communities for properties in the private sector. The Team's work in 2019-20 saw nearly £30m directly invested in Northern Ireland's economy which resulted in;

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

Home Improvement Grants

Through Home Improvement Grants we approved 1,761 grant applications and paid £15.6m for work completed in 2019/20.

Currently discretionary grants - renovation, replacement and home repair assistance - are only available in exceptional circumstances. However, in 2019-20 we paid £2.95m in grant-aid for completed work and have approved work to start in 247 properties which will improve the health and well-being of households as well as support the local economy.

We also paid out £848k for mandatory Repair Grants on the issue of certain statutory notices from local councils. This resulted in vital improvements to 395 properties in the private rented sector.

Table 9: Private Sector Improvement Services

Type of Grant	KPI (No of Properties)		Investment Value (£m)	
	Target	Achieved	Approvals Value	Actual Spend
Disabled Facilities Grants	900	1,119	£12.14m	£10.8m
Repairs Grants	350	395	£0.66m	£0.85
Discretionary Grants	n/a	247	£2.24m	£2.9m
Affordable Warmth Scheme	Completed 2,600	2,594	£11.7m	£12.3m
Boiler Replacement Scheme	Completed 1,300	2,161	£1.5m	£1.4m
Total Investment				£28.25m

Energy Efficiency Grants

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

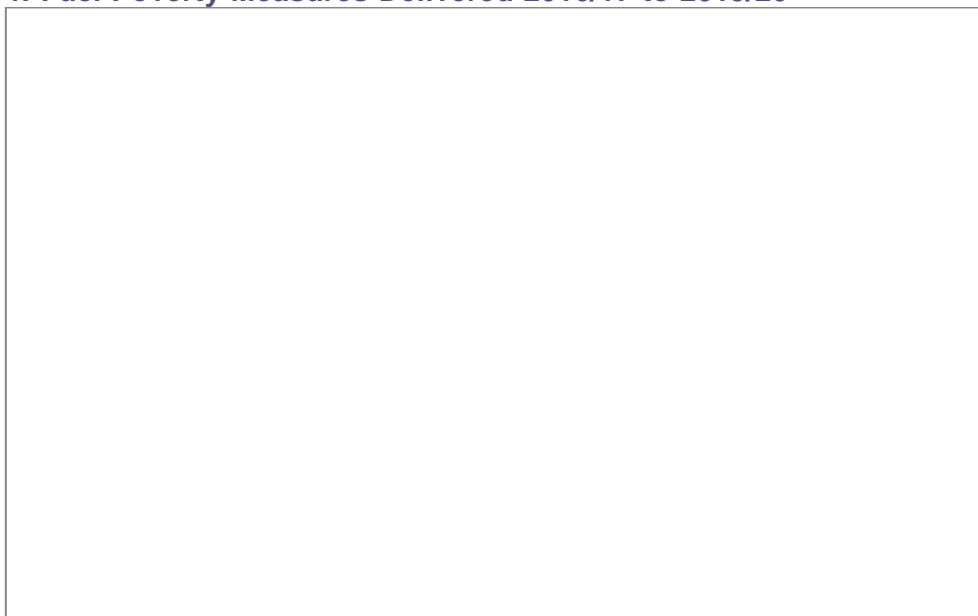
In 2019/20 we approved 2,594 of the referrals made at a value of £11.7m. During the year nearly 2,600 homes completed work and benefited from 4,635 energy efficiency measures against a target of 3,900 including insulation, ventilation, draught-proofing,

heating, window replacement and solid wall insulation. Overall, this work resulted in reduced fuel costs for householders and £12.3m invested into the economy.

Through the Boiler Replacement Scheme (RSKPI 3.6) we approved 2,243 applications to the scheme in 2019-20 with a value of £1.5m. Meanwhile 2,161 owner occupiers replaced central heating boilers which were over 15 years old with a new high efficiency 'A' rated condensing type boiler. We made £1.425m worth of payments to contractors for work completed which was a considerable support to the local economy.

We were asked to deliver fuel poverty measures (affordable warmth and boiler replacement) to 3,900 homes but we exceeded this target by 22%, benefitting 4,755 households across Northern Ireland (See Chart 14 below). Both schemes are contributing positively to combatting fuel poverty in Northern Ireland as well as reducing the carbon footprint and improving the energy efficiency of people's homes.

Chart 14: Fuel Poverty Measures Delivered 2016/17 to 2019/20



Group Repair Scheme

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

Most recently we have been working in areas located in North and South Belfast. The areas in Northwood and Donegall Road are part of long-term regeneration initiatives by the Department for Communities.

During 2019/20 the Group Repair programme in these areas has seen an investment of just over £1m in nearly 80 properties. The properties, and as a result their residents, have benefitted from roof replacement, new guttering and downpipes, new PVC double-glazed windows and external doors and improvement in the property's curtilage. Work has also included new improved insulation for the roof-space area, the water tanks and associated pipework where feasible. Both of these schemes were near completion in

March 2020 and when finished will have seen a total investment of almost £1.1m in the two areas.

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

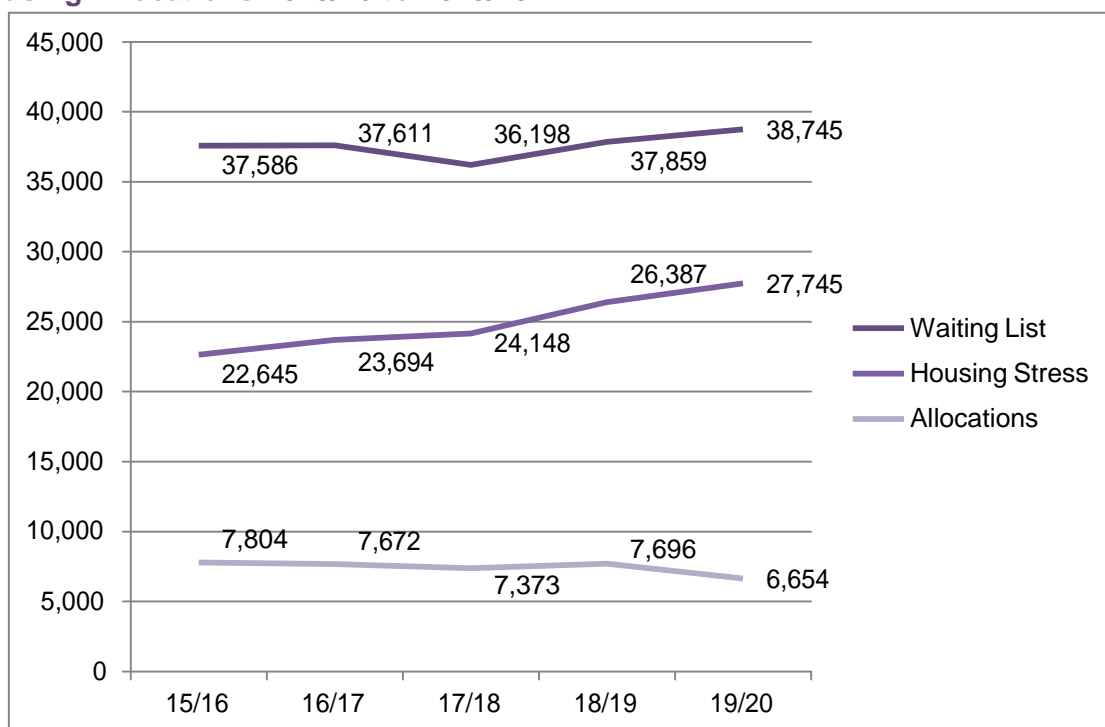
Social Housing Need

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

During the year we presented our Housing Investment Plans to all 11 councils. These plans set out housing need and our plans, programmes and investment, within our remit, for housing.

At 31 March 2020, 38,745 households were on the waiting list for social housing (37,859 at 31 March 2019) of whom 27,745 (26,387 at 31 March 2019) are considered to be in housing stress (applicants awarded with 30 or more points as per the Housing Selection Scheme are deemed to be in housing stress). Of those in housing stress, 20,951 are Homeless Full Duty Applicants, households that meet the statutory definition of homelessness (19,629 at 31 March 2019).

Chart 15: Social Housing Waiting List, Numbers in Housing Stress and Social Housing Allocations 2015/16 to 2019/20



Place Shaping

Staff across the Place Shaping Teams continued to represent the Housing Executive's interest across all 11 Community Planning Partnerships (RSKPI 2.12) through acting as organisational leads for Community Planning, and in doing so providing vital links between the operational and strategic sides of the business. During 2019/20, the Statements of Progress were published across each of the 11 Partnerships and the Place Shaping Teams ensured that the work of the Housing Executive across the council areas and in partnership with other statutory agencies was captured in these statements. As a result this KPI was met.

The Housing Executive has supported the development of 77 new social homes as part of a major mixed use regeneration proposal on the former Sirocco Works site. Choice Housing has been engaged with the developer to provide the new social homes which will include housing for singles, families and those requiring wheelchair accessible accommodation. Following collaboration between the developer, Choice Housing, the Housing Executive and the Department for Communities, the proposals will pilot some new social housing design elements for city centre living. The new Waterside development lies within the boundary of the proposed new City Centre Common Landlord Area, and will therefore also pilot the new City Centre Waiting List and be promoted as a "Housing for All" scheme. Our KPI to investigate the development of a Belfast City Centre Waiting List (RSKPI 5.8) was achieved at year end.

The developer is working closely with Belfast City Council to secure planning for the new development and it is anticipated that construction could begin on the social homes in late 2020/21 subject to planning approval.

Staff across the Place Shaping Teams, in conjunction with our Housing and Land Analytics Team, continued to work with Heads of Development Plans across each of the 11 council areas to develop policy for the provision of housing for the next plan period. (RSKPI 2.9) Staff have been involved in providing annual statements in respect of social and affordable housing requirements. In addition, we have commissioned research on cross tenure Housing Market Analysis which will look at the housing market holistically. This will be an importance evidence base in local development plans to ensure both their sustainability and to ensure variety of housing types are provided in the years to come. This KPI was met.

Urban Regeneration

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

We continue to work with other partners to support mixed use schemes on publicly owned land. A masterplan for the development of the strategically significant site St Patrick's Barracks in Ballymena includes provision of a mixed tenure scheme of 170

homes by Radius Housing Association. Outline planning for the Regeneration Scheme was approved in March 2019.

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

Building Successful Communities (BSC)

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

The Building Successful Community Programme strategic aims are to:

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

Six pilot areas were selected based on their level of deprivation. The BSC areas selected within Belfast are Lower Shankill/Brown Square, Lenadoon and Glencolin, Lower Falls, Lower Oldpark and Hillview, Tigers Bay and, in Ballymena, the Doury Road area. Six Regeneration Forums representing key statutory agencies and community representatives were established in each of the pilot areas to take the work forward.

Work continues to progress in each of the designated BSC areas.

In the Tiger's Bay/Mountcollyer area 20 new social homes have recently completed. Work continues to progress the development of new private homes for sale on lands at Gainsborough.

In the Lower Oldpark and Hillview area Apex Housing has commenced work to build five new affordable homes.

In Lenadoon, Choice Housing has begun developing design proposals for the construction of 23 new social homes.

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

In Lower Shankill, Radius Housing will progress the development of 18 new social homes at Hopewell Avenue.

At Doury Road, Ballymena, Triangle Housing has started work on the construction of 11 new social homes.

Sustainable Rural Communities

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

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

Whilst the COVID-19 lockdown has impacted the delivery of some of our key actions to varying degrees, achievements of the Rural Strategy & Action Plan in 2019/20 include:

1. New Housing for our Rural Communities;

In 2019/20, 68 new social housing units were delivered in rural areas supporting the sustainability of these rural communities. This represented 9.0% of the overall total against a strategic rural target of 11.7%. As previously reported under the new social housing section of this report, if the anticipated level of starts activity had been achieved, we would have expected an overall out-turn of 150 rural units (7.9%).

In 2019/20 we carried out thirteen Housing Need Tests to uncover hidden rural need. Whilst the outcomes of many of the positive tests are still to be realised, the test in Darragh Cross, Saintfield has already enabled the support of a 10 unit scheme delivered by Ark Housing Association in 2019/20.

2. Improving the Condition of Existing Rural Housing Stock;

In terms of our own rural housing stock, in 2019/20 approximately 21% of our planned maintenance programme was delivered to properties in rural areas.

As previously set out under the sustainable section of the report, part of the HANDIHEAT project launched in 2018, in February 2020 was in Lisnaskea where six of our homes were provided with monitors to capture oil use and temperature of thermostats for 1 year and provides an opportunity to learn more about how sustainable energy solutions can be used to support rural communities and reduce their reliance on fossil fuels.

Also, in an effort to address fuel poverty and improve the energy efficiency of rural homes in the private sector, approximately 42% of Affordable Warmth installations, 20% of boiler replacements and 38% of private sector improvement grants were approved in rural areas.

3. Supporting our Rural Communities;

We recognise the vital contribution of community groups in creating and supporting vibrant rural communities. Our annual Rural Community awards competition seeks to reward groups

who have gone the extra mile to make their neighbourhoods a better place to live. The 2019 winners - Cloughmills, Carnlough, Portaferry, Middletown, Rathlin and Darkley won their respective categories and were presented with their awards at our rural community networking event in November 2019. In addition, a further nine areas were highly commended.

In 2019/20 we provided funding through the Rural Development Programme match funding for projects under the Basic Services and Village Renewal measures to 19 capital projects to a total value of £301k. Projects ranged from the development of new community facilities, to environmental improvement schemes and the restoration of old buildings.

4. Our Duty with Regards to the Rural Needs Act NI 2016

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

In 2019/20 the Housing Executive considered 42 policies, strategies, plans or services to ensure that due regard was given to meeting the needs of people in rural areas in a fair and equitable way. There were 39 policies determined to have no differential impact on people in rural areas. For the further three policies, mitigating actions were put in place as shown below:

Description of the activity undertaken by the public authority.	The rural policy area which the activity relates to	How the public authority has had due regard to rural needs when developing, adopting, implementing or revising the policy, strategy or plan or when designing or delivering the public service.
Customer Support and Tenancy Sustainment Strategy	Housing	<p>In general, it is considered that the strategy will have a positive impact for all customers in both urban and rural customers/communities.</p> <p>It is recognised that some actions which require internet connectivity to access advice and resources may have a differential impact for rural customers.</p> <p>We will mitigate this negative impact by ensuring that all advice and resources made available online have a corresponding non-digital channel of communication for customers without access or who have difficulty accessing the internet.</p> <p>Monitoring and outcome evaluation of all actions, where feasible, will include scrutiny of the urban and rural dimension of impact for customers, and many actions will contribute to a greater understanding of rural homelessness prevention, support and tenancy sustainment needs.</p>
Supporting People Standardised Payment Rates	Housing	The Housing Executive is obliged to implement standardised payment rates following the recommendation of the DSD review.

		<p>Due to the potential for higher costs for Service Providers delivering floating support services in rural areas, an analysis of current Supporting People cost data for rural services and urban services across PCG was carried out. This analysis identified that costs were generally higher for rural services, in the region of 14-16%. Therefore in order to mitigate for the higher costs experienced in rural areas a 15% uplift has been applied to the standardised payment rate applicable to floating support services in rural areas. For those services wholly delivering services in rural areas, the higher rate will be applied. For those services delivering services across a mix of rural and urban areas the rate to be applied will be determined as part of pre-implementation engagement with providers.</p>
HANDIHEAT Communications Strategy	Sustainable Development	<p>Overall the HANDIHEAT project will have a positive differential impact in rural areas as it is specifically focused on identifying renewable energy solutions, energy efficiency solutions and policy tools that are effective in remote rural areas.</p> <p>However the communications strategy seeks to engage with a range of target groups - industry, regional, national and international authorities and the general public / communities. It is considered that may be a risk that in some rural areas, online communication channels will be less accessible due to a lack of internet connectivity.</p> <p>Therefore, at a Northern Ireland level the Housing Executive will ensure that their HANDIHEAT communications approach will embrace a wide range of channels, both digital and traditional. Publications will be made available in hard copy format as well as digitally. Public events will be hosted in rural areas to share learning. The HANDIHEAT project manager will present at multiple forums that are specifically rural or include rural representatives, such as the Rural Residents Forum, the Housing Community Network and the Rural Strategy Implementation Panel, as well as engaging with rural representative bodies such as the Rural Community Network and Rural Action. Information on the HANDIHEAT project will be included in the Housing Executive's rural publication "Rural Matters" and opportunities will be sought to have information included in other publications that reach a rural audience.</p>

Small Pockets of Deprivation

The Small Pockets of Deprivation (SPOD) Programme was introduced to direct regeneration funding to a number of areas, which, although targeted for action, were too small to be constituted as full scale Neighbourhood Renewal Areas (NRAs).

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

In 2019/20, £402k was paid to 14 delivery organisations in SPOD areas across Northern Ireland to deliver projects which met the following interlinked strategic objectives:

- Community Renewal – to develop confident communities that are able and committed to improving the quality of life in the most deprived neighbourhoods;
- Economic Renewal – to develop economic activity in the most deprived neighbourhoods and connect them to the wider urban economy;
- Social Renewal – to improve social conditions for the people who live in the most deprived neighbourhoods through better coordinated public services and the creation of safer environments; and
- Physical Renewal – to help create attractive, safe and sustainable environments in the most deprived neighbourhoods.

Projects funded included community office maintenance and running costs; programme costs for parent & toddler classes, youth clubs, men and women's groups, senior citizen groups, Black and Minority Ethnic (BME) groups; environmental work including a wildlife garden and community allotment; health fairs and health related classes and initiatives; training courses; and community events including summer fun days and Christmas events.

House and Land Sales

We continued to implement the House Sales Scheme (RSKPI 4.4.3 –data only), which provides an opportunity for tenants to own their home. During the year we sold 449 homes (also 449 in 2018/19) under the scheme (including vacant sales), realising net capital receipts of £21.5m. In line with overall market conditions, the average valuation of sold houses increased slightly on the previous year, from £64.2k to £67.7k. 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 two dwellings at a cost of £0.3m and disposed of six dwellings, realising £0.9m. We also disposed of surplus land realising £0.67m (before expenses), including the sale of development land to the value of £0.125m.

Performance Analysis – Support Services

Support Services comprises of the Finance, Audit and Assurance Division and Corporate Services Division. These divisions provide the necessary support to underpin Regional Service and Landlord Services (Housing Services and Asset Management).

The Corporate Services Division was re-established in May 2019 when a new Director of Corporate Services took up post. The Division comprises of Human Resources, Corporate Business Planning and Performance, Corporate Communications, Legal Services and Data Protection Services, Equality and Safeguarding and Secretariat Services.

The Finance Audit and Assurance Division comprises of Finance Development, Finance Support Services, Internal Audit, Risk and Governance, Corporate Investigation and Security and Information Technology. It also includes operational management for the Housing Benefit function and implementation of Welfare Reform initiatives that form part of the overall programme of work funded by the Regional Services budget. Further details of this activity can therefore be found within the Regional Services section of this report

Support Services Funding Position

Support Services (including Facilities & Accommodation) spent a total of £35,276k funded through a mixture of government grant and rental income in 2019/20. The total spend of £35,276k was across both Capital and Revenue expenditure blocks and was apportioned to both Landlord Services and Regional Services in the following manner.

Capital Expenditure consists of IT and Accommodation Improvements totaling £1,626k, of which £1,150k was charged to Landlord Services including DLO (71%) and £476k was charged to Regional Services (29%).

Revenue Expenditure consists of salary and payroll expenses totaling £13,032k and operational running costs including Accommodation, IT and Training totaling £20,618k, resulting in an overall total revenue spend of £33,650k. Of the total £33,650k spent, £24,590k was charged to Landlord Services including DLO (73%) and £9,060k was charged to Regional Services (27%).

Budgetary Management

The KPI count below (a sub-set of the overall KPI totals) is for Support Services across all three themes of People, Property and Place. During March 2020, the final month of the financial year, COVID-19 restrictions have, in some instances, been a major contributory factor in not meeting year-end targets.

Total KPIs	Green	Amber	Red	Data only
12	9	0	1	2

Finance, Audit & Assurance

The Finance function within the Finance, Audit and Assurance Division consists of two sections, Financial Support Services and Financial Development.

Financial Support Services consists of:

- Shared Services, responsible for; Payments, Payroll, Income Management, Accounts Receivable and Housing Benefit finance;
- Finance Systems Development, responsible for management and configuration of finance systems including interfacing of payment and general ledger interfaces from all key business systems;
- A Finance Business Partner who is responsible for the reporting and accounting of the activities of the DLO;
- Insurance & Claims, responsible for the review and arrangement of insurance cover, management of public liability claims, administration of employers liability claims and provision of advice; and
- Finance Process Improvement and Compliance, responsible for risk management, audit recommendations monitoring, financial control procedures oversight, responsible officers register and business improvement activities.

Financial Development consists of:

- Financial Accounting, responsibility for production of the Financial Accounts as presented in the Annual Report, liaison with Northern Ireland Audit Office and Treasury and financial accounting matters;
- Financial Planning, responsible for the oversight and compilation of budgets, the budget monitoring process, reporting to the Housing Executive's Board and liaison with Department for Communities (DfC); and
- Finance Business Partners for Regional Services, Housing Services, Asset Management Divisions and for Support Services. Support Services Finance Business Partner is the key point of contact for Finance, Audit & Assurance, Corporate Services and the Chief Executive's Office and is responsible for the apportionment of support services costs to the operational divisions.

Corporate Investigation and Security

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

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

The unit is composed of three teams of investigators all of whom hold professional investigation accreditation. In 2019/20 the Corporate and Technical Investigation teams have investigated eight complex fraud cases and 16 whistleblowing allegations. The Tenancy Fraud team have dealt with 178 cases and 40 recovered dwellings for re-allocation to those

in need of social housing. Please note that these statistics only cover the period from 27/02/19 – 31/12/19. The 2018/19 Annual Report only provided an update on Tenancy Fraud figures up to and including 26/02/19 due to the ongoing national COVID-19.

The team continue to investigate referrals made via the Housing Executive website “report a fraud” function. There have been a number of successful outcomes at the conclusion of investigations instigated as a result of some of these referrals.

The team have worked hard this year to ensure that the Housing Executive’s resources are protected from fraud and other risks to public money. This involves the regular assessment of fraud and money laundering risks, as well as informing the organisation of new and emerging threats. The team continue to participate in several Northern Ireland Civil Service counter fraud groups and regularly share best practice and information with other Departmental or Arms-Length Bodies counter fraud and investigative units.

IT Digital Strategy

The new IT platform, which was implemented in 2018/19, has been used as the key enabling building block for the continued growth of enhanced Digital Services. At year-end we successfully met our KPI target linked to our IT Strategy (SSKPI 3.3). This includes the development of the Digital Tenant Portal which is being implemented from April 2020 to enhance the range of services available via the new Website. We are also developing an enhanced mobile working application for maintenance staff which will be implemented during 2020/21.

During March 2020, due to the COVID-19 crisis, we initiated the migration to remote working for a large number of Housing Executive staff. The number of staff who have been enabled for home working has grown from 1,400 to over 2,250. We have also developed a number of IT applications to facilitate the work of the Homelessness team during the COVID-19 crisis.

There will be further growth in Digital Services in the forthcoming 2020/21 business year as the organisation adapts to the ‘new normal’.

Risk & Governance

The Housing Executive is committed to achieving its objectives and believes that Risk Management is a key tool in doing this. We place Risk Management at the heart of the business and value the opportunity to make good business decisions based on an appreciation of the associated risks.

The 2019/2020 year was particularly busy with a number of external factors which required a focus on risk management including COVID-19, macro-economic factors and uncertainty over Welfare Reform mitigation. This resulted in an extensive review of the Corporate Risk Register and the identification of a number of significant Corporate Risks.

The Board spent time considering the risk appetite of the organisation and it was changed to “Measured”, reflecting our preference for safe delivery options whilst still encouraging ‘measured’ risks to be taken.

The Risk and Governance team also undertook extensive training across all regions and cross divisionally which has seen in the region of 700 staff trained. Training has also been delivered as part of the organisation induction programme and with Board. Demand remains

high for this training and this is particularly encouraging as we continue to seek to develop a risk aware culture as an organisation which has a high level of risk maturity.

To further support staff, a range of risk and governance documents are available on the intranet including the Risk Management Strategy, policy and Corporate Governance Manual.

Extensive work is ongoing with the Department for Communities to introduce a new Arms-Length Body Partnership agreement which will shape our future relationship and responsibilities. Going forward we will continue to drive risk maturity and a particular focus will include the introduction of a corporate approach to policy development and ensuring that people are equipped to respond to the changing operating environment.

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

Internal Audit

Our Internal Audit Unit has completed 25 assignments from a risk based programme of work during 2019/20 which has enabled the provision of the Head of Internal Audit's Annual Opinion on the Housing Executive's risk management, control and governance arrangements.

The 19 risk based assurance engagements completed by Internal Audit during 2019/20 provided senior management with an objective and independent assessment of the effectiveness of their systems of internal control in operation across the Housing Executive. Internal Audit also provided five consultancy assignments and one follow up review for the organisation during 2019/20. Consultancy assignments are advisory in nature and are performed at the specific request of the organisation, with the aim of improving governance, risk management and control.

Internal Audit monitors the implementation of all Priority 1 and 2 recommendations with figures tracked on a rolling basis throughout the year. During 2019/20, 32 (Priority 1 and 2) recommendations were added to the monitor and over 95% of these 32 recommendations were on target for completion or were fully implemented at year end. The organisation closed a total of 95 recommendations during 2019/20 demonstrating a high level of commitment to the implementation of audit recommendations.

Economics Services

Economics Services consists of a small team working with clients across the organisation to ensure requirements regarding expenditure approval are met through:

- Leading development and provision of policy, procedures, guidance materials and training on economic appraisal and evaluation;
- Providing advice and challenge on appraisals as they are being developed to ensure they meet requirements and provide value for money solutions;
- Assisting the Accounting Officer and others in meeting their responsibilities through critically assessing business cases prior to expenditure approval; and
- Working with others to secure external expenditure approvals where appropriate.

During the year, the economists:

- Dealt with almost 100 business cases as part of their advisory and challenge functions, over a third of which were above the Housing Executive's delegations. Many of these cases are essential to the organisation delivering its schemes contributing to a better life for citizens and Programme for Government outcomes across Northern Ireland;
- Signed-off over 70 cases in their assurance role, to allow for progression to expenditure approval authorities;
- Agreed a new approach with the Department for Communities to streamline the appraisal of New Build submissions;
- Completed test drills on business cases and evaluations that the economists had no prior involvement in; and
- Provided business case training to colleagues.

The team have been working to implement the recommendations from the Department of Finance-led Review of the Expenditure Approval and Business Case Processes (July 2019). The preparatory work undertaken during the year on the changes required will continue in 2020/21 with the introduction of new guidance and processes around development and assessment of business cases and provision of awareness and training materials.

Corporate Services

Human Resources

Our Human Resources (HR) Team is based within the Corporate Services Division and provides people centred services for staff across the whole organisation. Our HR Team also has four 'Centre of Excellence' units which are responsible for carrying out core functions such as Resourcing, Employee Relations & Attendance Management, Learning and Development and the HR support team which provide clerical and system support for a range of HR related services.

Recruitment

During 2019/20, there were 206 recruitment exercises undertaken and 348 appointments were made across all divisions. Landlord Services (Asset Management and Housing Services) accounted for 62% of the recruitment campaigns and 61% of all appointments made. In addition to this our Recruitment Unit is responsible for managing our Agency Workers contract. As of 31st March 2020 we had 546 Agency Workers.

Further progress was made this year towards reducing the reliance on temporary workers with workforce plans being developed and agreed for each business area. Recruitment activity focused on stabilising existing structures particularly in front line operational roles within Housing Services, Direct Labour Organisation (DLO) and Housing Benefit.

In September 2019, with the easing of vacancy control measures and the completion of the 'Build Yes' Programme, work commenced within Housing Services to stabilise staffing structures with over 40 fixed term contracts confirmed as permanent. In February 2020, the Housing Services Recruitment Steering Group developed a Recruitment Plan for 2020 to further address the number of temporary arrangements in place which will include

recruitment at Levels 2, 3 and 4 which are our core administrative levels. This has been delayed due to COVID-19 and will be implemented when it is practical to undertake large volume recruitment exercises.

Funding from the Public Sector Transformation facilitated the release of 45 officers under the Voluntary Early Severance (VES) Scheme. This programme assisted with restructuring and new ways of working in certain areas of the organisations, particularly within Housing Benefit.

Further information on Absence and Learning and Development, Management can be found in the Remuneration and Staff Report in Part 2 of this report on page 130.

Equality and Safeguarding

The Housing Executive's Equality and Safeguarding responsibilities are managed by the Equality Unit.

The Housing Executive addresses its equality obligations in a number of ways. Our equality scheme sets a roadmap for fulfilling the Northern Ireland Act (Section 75) duties but we also work closely with the Equality Commission and our wide ranging consultee networks to ensure we target key inequalities in housing. We also screen all policies and monitor their impact and adjust them, amend them or develop new policies where necessary to address housing inequalities.

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

In 2019/2020:

- We trained 204 staff in 12 sessions of Equality Awareness training;
- 30 policies were subject to equality screening;
- Responded to 32 requests for equality monitoring information;
- Held two formal meetings of the Consultative Forum on Equality;
- Supported consultation on Chronic Homelessness Strategy, Customer Support and Tenancy Sustainment Strategy and Community Safety Strategy; and
- Provided a comprehensive communication support service to over 4,000 customers in 40 different languages (including Sign Language and Braille translations).

Safeguarding

As a large organisation with a wide range of customers, often with complex needs, we recognise the importance of rigorous and responsive safeguarding policies. We work closely with the Northern Ireland Adult Safeguarding Partnership (and the Local Adult Safeguarding Partnerships) and the Safeguarding Board for Northern Ireland (children's safeguarding). In 2019/2020 we conducted 14 training sessions including two sessions for contractors working for the Housing Executive. A total of 77 cases were investigated and referred to Social Services.

We also began rolling out the new 'Managing Suicide Risk' awareness policy and associated guidance and training. This new policy was developed as a partnership with the charity

'Lifeline' to provide a referral system for staff who encounter threats of suicide from customers in the course of their work. A total of 27 training sessions were held and 73 cases were managed during the year.

Corporate Business Planning & Performance

Corporate Business Planning and Performance Unit is responsible for a wide range of functions including the development of and reporting against the Corporate Plan and associated annual business plans to the Department for Communities, the Housing Executive's Board and our Senior Management Team.

In 2019/20 the unit had two KPIs. SSKPI3.6 was to implement the final year of the Customer Excellence Strategy Action Plan and SSKPI 3.7 was to publish an Older People's Housing Strategy and Action Plan.

In 2019/20 the first KPI was achieved with significant progress against the vast majority of the Action Plan. We published the Year 2 update on our website in 2019/20 and the final Year 3 update is anticipated to be published on our website by September 2020.

In February 2020 the draft Older People's Housing Strategy 2020/21 – 2025/26 was granted approval by the Housing Executive's Board to publish for a 12 week public consultation period. In light of the COVID-19 restrictions the public consultation period, which was due to commence in March 2020 was paused. The draft Strategy was released for public consultation in June 2020. This KPI was not met in year and has slipped into 2020/21.



Clark Bailie
Chief Executive

Date: 16 October 2020

Key Performance Indicators (KPIs) Validation Certificate

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

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

Opinion

Based on the sample validation testing carried out, our Internal Audit Department is content to conclude that the 2019/20 KPIs have been calculated on a reasonable basis with appropriate supporting evidence.



Adele Reilly
Assistant Director, Internal Audit

Date: 16 October 2020

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 2020.

Statutory basis

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

Primary responsibilities

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

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

- to provide disabled facility grants for the adaptation of private sector homes to enable disabled residents to continue to live in their homes;
- to formulate and implement a Homelessness Strategy;
- to carry out homelessness assessments and in certain circumstances to secure housing for the homeless;
- to provide caravan sites for the Irish Traveller Community as appears appropriate;
- the giving of assistance by way of grant or loan to a voluntary organisation concerned with homelessness, or with matters relating to homelessness.

The Housing Executive has additional functions under other legislation which include that of the Home Energy Conservation Authority for Northern Ireland and the administrator for the Supporting People programme and Housing Benefit. We are also responsible for management of the Social Housing Development Programme and the administration of the Affordable Warmth Scheme. 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, performance, challenge, support and guidance to the organisation. The Board supports the delivery of the Programme for Government targets (PfG), Ministerial priorities, the Department's housing strategies, government reforms and promotion of the core values of the organisation.

The Housing Executive is subject to directives from the Department for Communities (DfC) in connection with the exercise of any of its functions. It is referred to as "the Department" throughout this report.

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

During 2019/2020 the Housing Executive Board met on a monthly basis (*usually the last Wednesday of each month*), held two Board Away Days (March and October), two Regional Visits and a Corporate Risk Workshop (April). There were no monthly meetings held in July or December, however, a Special Meeting of the Board was held on 11 December 2019 to consider a number of strategic documents.

The Chair continues to review and restructure Board business to ensure that the Board's time is focused on strategic matters and reflects updated internal organisational structures, roles and responsibilities. This is reflected in the proposed changes to the Committee structure and the implementation of a number of Board Task and Finish Groups.

An internal Audit advisory review of Management Information provided to the Board was completed in March 2020, and is currently being considered by the Chair and Vice Chair with any improvements or enhancements being prioritised over the coming months to support the strategic role of the Board.

Board Appointments

Board Members for the period 1 April 2019 - 31 March 2020

Chair - Professor Peter Roberts, *(1 April 2019 to 30 November 2022)*.

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

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

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

Other Board Members:

- Ken Millar (Re-appointed for a second term from 1 June 2015 to 31 May 2020; extended for a third temporary period of up to six months, or until a permanent replacement is appointed, from 1 June 2020).
- Jim McCall (Re-appointed for a second term from 1 June 2020 to 31 May 2025).
- Derek Wilson (Re-appointed for a second term from 1 June 2020 to 31 May 2025).
- Chris Welch (temporarily appointed by the Secretary of State, in the absence of a Minister, to fill the vacant position from 1 August 2019 to 30 January 2020; subsequently extended by the Minister from 1 February 2020 to 30 June 2020. This position has been vacant since 1 July 2020).
- Alderman Allan Bresland (Appointed from 1 January 2020 until the date of the next Local Government Election).
- Councillor Catherine Elattar (Re-appointed for a second term from 1 January 2020 until the date of the next Local Government Election).
- Alderman Amanda Grehan (Appointed from 1 January 2020 until the date of the next Local Government Election).
- Councillor Michael Ruane (Appointed from 1 January 2020 until the date of the next Local Government Election).

Further Board membership changes are due in 2020 as two of the above are temporary appointments.

At 31 March 2020, the gender breakdown of the Board was:

Female: 2

Male: 8

Register of Interests

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

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 2020, the Housing Executive continues to prepare its annual report and accounts in accordance with International Financial Reporting Standards.

The Statement of Comprehensive Net Expenditure within the annual accounts shows Net Expenditure after tax for the year of **£284.8 million** (2018/19: £302.1 million).

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

In 2018/19 the Housing Executive approved its final tranche of staff to leave under a programme of restructuring through VES. Due to residual costs from staff leaving during 2019/20 and who were approved in 2018/19, costs of **(£81k)** (2018/19:£2.3m) have been included in the Statement of Comprehensive Net Expenditure, in accordance with "International Accounting Standard 1 - Presentation of Financial Statements". More details regarding the restructuring can be found in the Staff Report within the Accountability Report.

The annual pension report, which is provided by the appointed independent actuary, continues to show a deficit in the pension fund. The deficit has increased from £102.5 million in 2018/19 to £230.6 million in 2019/20. The actuary explained that the increase in the deficit is mainly due to changes in actuarial assumptions, particularly through a lower than expected return on assets being reported. The deficit also increased as a result of rebasing during the full valuation exercise carried out by NILGOSC actuaries in 2019. This increase in the deficit was partly offset by improvements to mortality assumptions. Note 22 provides further pension disclosures.

Property, plant & equipment

For year ending 31 March 2020 annual accounts, the Housing Executive's land and housing stock have been revalued by an independent external valuer as at 31 March 2020. The Land was valued by McKibbin Commercial Property Consultants and the Housing Stock was valued by Land and Property Services, an executive agency within the Department of Finance for Northern Ireland.

The remainder of the Housing Executive's property was also revalued and relifed during 2019/20 by Land and Property Services (first year of a five year valuation exercise). The 'Other Assets' category was revalued using appropriate March 2020 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 2020 resulted in an increase in value of £150.5 million which has been transferred to the Revaluation Reserve Account. Of this amount, £128.4 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 £5.2 million increase in the value of land as a result of the revaluation exercise undertaken by McKibbin Commercial Property Consultants. During the current financial year, land which was previously identified as 'Amenity' has been reclassified as 'Undeveloped Land' with a value of £0.5 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 £17.7 million has been transferred to the Revenue Reserve Account from the Revaluation Reserve Account. During the financial year, the Housing Executive sold 456 dwellings.

Charitable donations

The Housing Executive made no charitable donations during the year.

Open Government

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

Data Protection Breaches

During the 2019/20 year, two suspected GDPR breaches were referred to the Information Commissioners Office (ICO). Details regarding these breaches can be found on page 94 in the Governance Statement.

Complaints Handling

The Housing Executive is committed to providing a high quality customer service and has a formal complaints procedure for any customer unhappy with the service they have received. Details of the complaints procedure are available on the Housing Executive website and in local offices. Complaints may be made via telephone, in writing, email, online or in person.

During the year the Housing Executive dealt with 307 formal complaints across all Divisions. There were 242 First Stage complaints and 49 complaints were then dealt with by the Chief Executive, carrying out detailed investigation and addressing any issues raised. The Northern Ireland Public Services Ombudsman investigated 10 complaints raised against the Housing Executive.

Performance on complaints is available on the website and is reported to the Business Committee bi-annually and to Board annually. All cases are examined for service improvement and a project is underway to improve how we record and monitor service improvements arising from complaints.

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 2019/20, a total of **421,372** (2018/19:417,664) payments were processed with **414,707 (98.42%)** (2018/19:415,616 (99.51%)) 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 **383,918 (91.11%)** (2018/2019: 409,583 (98.07%)) were paid within 10 days of the invoice date.

Pensions

The Housing Executive participates in the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) pension scheme for the majority of its employees. This is a defined benefit pension scheme. The assets are

accumulated in the scheme, which is multi-employer, and are held separately from the assets of the Housing Executive. The Housing Executive Accounting Policy 1(o) provides additional information on pensions.

Financial instruments

IFRS 7, “Financial Instruments: Disclosures”, requires the Housing Executive to disclose the significance of financial instruments for the Housing Executive’s financial position and performance, the nature and extent of risks arising from financial instruments and how those risks are managed. The Housing Executive is not exposed to the same financial risks as that faced by commercial businesses as it is in receipt of subvention from the Department, however full disclosure is given in Note 20.

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

The Northern Ireland Assembly was reinstated on 11 January 2020 and has authority for approving the annual budget, including the 2020/21 budget allocation to the Northern Ireland Departments. The Permanent Secretary for the Department for Communities subsequently confirms the allocation to the Northern Ireland Housing Executive. As a result, the financing of the Housing Executive’s liabilities will be met by future grants from the Department, approved annually by the Assembly, and the application of self-generating rental income, and funding received from other bodies for the purposes of delivering specific services. There is no reason to believe that future approvals will not be forthcoming. It has therefore been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Auditor

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

During 2018/19, the Northern Ireland Audit Office carried out additional non-audit services relating to costs associated with the Housing Executive participating in the National Fraud Initiative. The cost of this exercise is disclosed in Note 6 to the financial statements. No additional non-audit services were provided by the Northern Ireland Audit Office during the year end 31 March 2020.

Committees of the Board

The Housing Executive Board has established two Committees to facilitate it robustly executing its duties. Each Committee operates under its own Terms of Reference, meets quarterly, and has a number of Independent Members to enhance the oversight it provides.

Audit and Risk Assurance Committee (ARAC)

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

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

The Committee, which is chaired by the Board Vice Chair, currently comprises four Board Members and two Independent Members, and meets quarterly with the Housing Executive Chief Executive, Directors, Head of Internal Audit and Inspection & Risk Manager. Representatives from the Northern Ireland Audit Office and an observer from the Department for Communities also attend Committee Meetings. Other officers address the Committee for specific items as required.

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

Ad hoc and Special Meetings are also arranged as required.

Direct Labour Organisation (DLO) Performance and Development Committee

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

The DLO Committee, chaired by Ken Millar, currently comprises three Board members and two Independent Members, and meets quarterly with the Housing Executive Chief Executive, relevant Directors, Head of DLO, DLO management team and Finance/HR business partners.

Ad hoc and Special Meetings are also arranged as required.

Committee Structure Review

In January 2020, the Board approved the proposed implementation of a new Committee Structure, which will be introduced later in 2020. This will involve the establishment of a new Finance and Operational Performance Committee and the expansion of the remit of the DLO Performance & Development Committee to include Asset Management and Maintenance.

Board Task and Finish Groups

During 2019/20 the Board established a further three Task and Finish Groups (as undernoted) in addition to the Independent Reference Group (Fire Safety in Housing Executive Tower Blocks). These groups provide the Board with enhanced assurance around significant matters and, where appropriate, facilitate access to specialist outside expertise.

- Supporting People Progress & Scrutiny Group;
- Environmental Working Group;
- New Build Task and Finish Group.

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

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

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

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

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

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

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 MARCH 2020:

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

The Governance Statement refers to an annual accounting period, in this case 1 April 2019 to 31 March 2020.

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

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

1. Scope of responsibility

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

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

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

2. The Housing Executive's Governance Framework

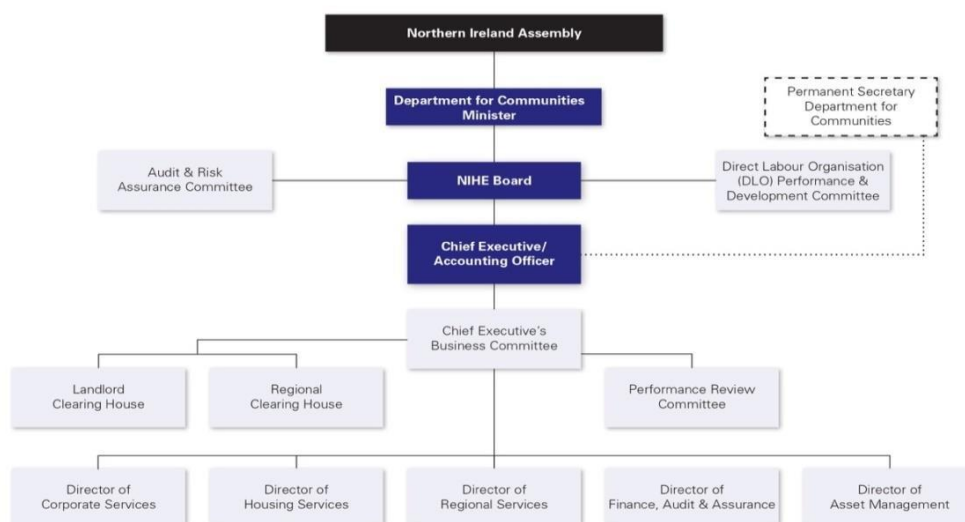
The Housing Executive operates a Governance Framework that brings together legislative requirements, good governance principles and robust management processes. This includes the system of internal controls, standing orders and the assurance process. The Governance Framework is regularly reviewed.

The Housing Executive maintained an effective system of internal control for the year ended 31 March 2020 in accordance with Department of Finance (DoF) guidance.

The Housing Executive's Head of Internal Audit's Annual Audit Opinion for the 2019/20 financial year provides a formal opinion on the governance, risk management and control arrangements in place within the Housing Executive.

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

The Housing Executive's Governance Structure



The Board

The strategic direction, performance and supervision of the Housing Executive is overseen by a ten member Board. The Board supports the delivery of the Programme for Government targets, Ministerial priorities, the Department's housing strategies, government reforms and promotion of the core values of the organisation.

In line with best practice, the Board have established a Board Operating Framework and Standing Orders. These regulate the proceedings and business of the Housing Executive and its Committees and are periodically reviewed. It is anticipated that in 2020/21 significant work will be undertaken to review the Standing Orders to realign them with any new delegated limits agreed as part of the Department's new Partnership Agreement project. The Department are currently leading out a project which will replace the old Management Statement and Financial Memorandum with a new Partnership Agreement based on the concept of proportionate autonomy.

Board Membership / Appointments

Appointments made by the Secretary of State under the terms of the Northern Ireland (Executive Formation and Exercise of Functions) Act 2018, in 2019/20:

- Professor Peter Roberts (formerly holding the role of Interim Chair) was appointed Chair of the Housing Executive Board from 1 April 2019.
- Mr John McMullan was appointed to the role of Vice Chair from 1 April 2019.
- Mr Chris Welch was appointed as an interim Board Member for a period of up to six months, effective from 1 August 2019. This was to address a significant number of temporary Board vacancies due to the local government elections and other membership issues as detailed last year.
- Four Housing Council members have been appointed to the Housing Executive Board, in line with the legislative requirement, effective from 1 January 2020 until the next local government election in 2023 (Alderman Allan Bresland, Councillor Catherine Elattar, Alderman Amanda Grehan, Councillor Michael Ruane).

Board Appointments made by the Minister for Communities in 2019/20:

- The temporary appointment of Mr Chris Welch was extended by the Minister and applied from 1 February 2020 to 30 June 2020. This position has been vacant since 1 July 2020.
- Mr Jim McCall and Mr Derek Wilson were each re-appointed by the Minister for a second five year term effective from 1 June 2020, their first term of office was due to expire on 31 May 2020.
- Mr Ken Millar was extended by the Minister for a further temporary period of 6 months (or until a permanent replacement was made), his second term of office was due to expire on 31 May 2020.
- A joint recruitment exercise for two Independent Committee Members (one for each Board Committee) is currently underway.

A Board Member competition for two vacancies is currently underway by the Department for Communities

During April 2019 to March 2020 the Housing Executive Board met eleven times (*incorporating a Special Meeting which took place on 11 December 2019*) and the Board membership and their attendance is outlined as follows:

Member Name	24/04/2019	29/05/2019	24/06/2019	28/08/2019	25/09/2019	30/10/2019	27/11/2019	11/12/2019	29/01/2020	26/02/2020	25/03/2020	Comments
Prof Peter Roberts	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
John McMullan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Ken Millar	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	✓	
Derek Wilson	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Jim McCall	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Chris Welch	-	-	-	-	✓	✓	✓	✓	✓	✓	✓	Mr Welch's temporary appointment was effective from 1 August 2019 to 31 January 2020. This was subsequently extended to 30 June 2020
Catherine Elattar	✓	-	-	-	-	-	-	-	✓	✓	✓	Councillor Elattar's first term of office finished on 30 April 2019. Her re-appointment was effective from 1 January 2020
Bill Keery	✓	-	-	-	-	-	-	-	-	-	-	Alderman Keery's term of office finished on 30 April 2019
Philip Brett	✓	-	-	-	-	-	-	-	-	-	-	Alderman Brett's term of office finished on 30 April 2019
Michael Ruane	-	-	-	-	-	-	-	-	✓	✓	✓	New Appointee from 1 January 2020
Alan Bresland	-	-	-	-	-	-	-	-	✓	✓	✓	New Appointee from 1 January 2020
Amanda Grehan	-	-	-	-	-	-	-	-	✓	✓	✓	New Appointee from 1 January 2020

Board Committees

The Housing Executive Board has established two Committees to facilitate it robustly executing its duties. Each Committee operates under its own Terms of Reference, meets quarterly, and has a number of independent members to enhance the oversight it provides.

The Chair of each Committee provides a verbal update to the proceeding Board meeting and a copy of the minutes is provided to ensure full disclosure. An annual report is produced for each Committee and is presented to the Board, outlining the effectiveness of the Committee and the scope of work undertaken during the year. The Committee members also undertake annual self-effectiveness assessments.

Audit and Risk Assurance Committee (ARAC)

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

The Committee supports the Accounting Officer and Board by reviewing the comprehensiveness and reliability of assurances on internal audit findings, governance, risk management and the integrity of financial statements and the annual report.

Following the recent appointment of the four Housing Council Board Members, the ARAC membership altered from five members to six (four Board Members and two Independent Committee Members). There is currently a vacancy for an independent member and a recruitment exercise is underway.

During April 2019 to March 2020, the ARAC Committee met five times, the membership and attendance is outlined below:

Member Name	11/06/2019	24/06/2019	10/09/2019	10/12/2019	10/03/2020	Comments
John McMullan (Chair)	✓	✓	✓	✓	✓	New Vice-Chair. Appointed on 1 April 2019
Derek Wilson	✓	✓	✓	✓	✓	Board Member
Jim McCall	✓	✓	✓	✓	✓	Board Member
Amanda Grehan	-	-	-	-	-	Alderman Grehan was appointed to ARAC by the Board on 29 January 2020
Sharon Hetherington	✓	✓	✓	✓	✓	Independent Member
JP Irvine	✓	✓	✓	✓	-	Independent Member. Second Term of Office expired on 31 January 2020

Direct Labour Organisation (DLO) Performance and Development Committee

The DLO Performance and Development Committee is responsible for providing assurance to the Board on the effectiveness and efficiency of DLO management, performance, governance, and compliance control.

The Committee comprises three Board Members and two Independent Members.

During April 2019 to March 2020 the DLO met four times, with the membership and attendance outlined below:

Member Name	14/05/2019	17/09/2019	26/11/2019	05/02/2020	Comments
Ken Millar (Chair)	✓	✓	✓	✓	Committee Chair / Board Member. (appointed to Committee Chair of DLO on 1 February 2017)
Alan Bresland	-	-	-	✓	Board Member. Appointed to the DLO Committee by the Board on 29 January 2020
Catherine Elattar	-	-	-	-	Board Member. Reappointed to DLO Committee by the Board on 29 January 2020
Christopher Welch	✓	✓	✓	-	Independent / Board Member. Currently temporary Board Member, will revert back to Independent status following expiry of temporary placement on 1 July 2020
Billy Graham	✓	✓	✓	✓	Independent Member. Second Term of Office expired on 30 April 2020

Committee Structure Review

In January 2020, the Board approved the proposed implementation of a new Committee Structure which will be introduced later in 2020. This will involve the establishment of a new Finance and Operational Performance Committee and the expansion of the remit of the DLO Performance & Development Committee to include Asset Management and Maintenance.

Board Task and Finish Groups

During 2019/20, the Board established a further three Task and Finish Groups (as undernoted). These groups provide Board with enhanced assurance around significant matters and, where appropriate, facilitate access to specialist outside expertise.

- Independent Reference Group (Fire Safety in Housing Executive Tower Blocks); (Established 2017)
- Supporting People Progress & Scrutiny Group;

- Environmental Working Group; and
- New Build Task and Finish Group.

The Independent Reference Group is chaired independently by Professor Alistair Adair (Ulster University) and comprises a number of external representatives from other statutory organisations.

Performance of the Housing Executive Board 2019/20

In line with best practice, the Board periodically undertakes an internal or external self-effectiveness evaluation. As a consequence of recent membership changes and further membership changes expected in June 2020, the Board has agreed that the external exercise due 2019 should be re-scheduled to late 2020.

The Board participated in a Department led self-effectiveness pilot exercise in late 2019, providing feedback on the questions and structure in February 2020 for the Department to consider. The purpose of this exercise was to test the suitability and effectiveness of the questionnaire. It is anticipated that once feedback has been reviewed the exercise will be rolled out to all ALBs. The Board await the formal exercise in due course.

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

Quality of information used by the Board

The Chair continues to 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. This is reflected in the proposed changes to the Committee structure and the implementation of a number of Board Task and Finish Groups.

The style and format of papers submitted to Board is currently under review to give the Board assurance that the content is of sufficient quality to support effective, timely and informed decision making. An Internal Audit advisory review on Management Information provided to the Board was completed in March 2020 and is currently being considered by the Chair and Vice Chair with any improvements or enhancements being prioritised over the coming months.

The Board's annual work programme also incorporates regular visits to see projects underway at a local level as well as two business away days to allow more detailed consideration of cross-organisational issues such as strategic priorities, best practice, governance topics and key policy matters. Independent Committee members are invited to attend Board away days and workshops to ensure a broad awareness of key issues.

Declaration of Interests and Conflicts of Interest

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

Board Member conflicts of interest are dealt with in line with best practice and are recorded in the relevant Minutes; furthermore, an electronic register of interests is maintained and updated as necessary.

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 2018/19 NFI exercise were received in February 2019. The Housing Executive participated in a very successful pilot scheme which matched care home data with housing data for the first time. This resulted in the recovery of 44 dwellings. The recovery of these dwellings gave a total saving of £1,589,280 to the Housing Executive and meant that 44 households in housing need were able to obtain a social house.

Fraud risk is continually assessed within each business area of the organisation and reported quarterly to the Audit and Risk Assurance Committee.

Risk Management Overview

The Housing Executive is committed to the management of risk in order to achieve its corporate goals and objectives. As a public sector body we recognise that we must maintain the highest of standards. Our commitment to enhancing and improving our approach to risk management through developing our staff and maintaining awareness of best practice demonstrates this. We have a risk management strategy and policy and procedures in place which have been extensively communicated throughout the organisation via dedicated risk and governance training. The Board and ARAC continue to be briefed at least quarterly on risk matters.

Managing Risk within the Housing Executive

The Board have overall responsibility for ensuring that risk management within the Housing Executive is effective. 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 any identified actions. This is done on an ongoing basis and regularly reported at the appropriate Committees. Risk is also a regular topic at management meetings to facilitate identification of new, emerging or changing risks so that appropriate action is taken. Risk Management also work closely with the Internal Audit function to shape future audit plans and ensure learning from audit findings.

By developing a risk appetite, the Board are able to focus on those risks which present the greatest threat to the Housing Executive. This proportionate approach ensures that adequate oversight of significant risks is in place. In 2019/20 the organisation's overall risk appetite was assessed as "**measured**". The **measured** appetite reflects our preference for safe delivery options that have a low degree of residual risk with a strong control framework in place and is cognisant of our role as an Arm's Length Body and the obligations that come with spending public money.

Corporate Risks

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

Over the last year the Housing Executive has undergone an extensive review of the Corporate Risk Register and considered the potential risks associated with world events including Brexit, an increase in Cyber-crime and the Coronavirus outbreak, as well as those risks more unique to the Housing Executive.

Whilst in total we have identified 12 corporate risks, this includes some risks which are generic in nature and would affect any large organisation, namely: Health and Safety, resourcing, finance, fraud and error, governance and technology. However we have also identified a range of Housing Executive specific strategic risks including:

- **Income Collection:** Failure to collect rental income owed to NIHE, particularly given the continuing roll-out of Welfare Reform, restricting our ability to invest in our stock.
- **Planned Maintenance:** Unable to meet our investment requirements and to deliver an effective and timely Planned Maintenance programme in line with NIHE Asset Management Strategy.
- **Response Maintenance:** Failure to provide an effective response maintenance service which is reliable, timely and value for money.

- **Housing Supply:** Lack of Housing Supply restricting our ability to address housing need.
- **Homelessness:** Failure to provide a Homeless Service which addresses the problems identified.
- **Supporting People:** Insufficient budget / resource available to provide an effective supporting people programme leading to reputational damage for the NIHE.

The Audit Risk and Assurance Committee (ARAC) and Board are regularly briefed on all risks identified and action plans are in place to reduce current risk scores where they are higher than the Head of Risk deemed to be acceptable. The Housing Executive continues to be proactive in its management of risk and is constantly seeking new and innovative ways to mitigate risks, even where the genesis of the risk is beyond our control.

Coronavirus / COVID-19 Crisis and Risk Management

The COVID-19 crisis was being monitored by the Risk and Governance function since early January and consideration was being given to the potential impact on the delivery of our services. As a consequence of the outbreak within the UK, the Housing Executive instigated a range of groups to coordinate our response. The maximisation of home working enabled the organisation to meet government requirements around social distancing and significantly changed the Housing Executive's working practices, allowing us to protect both our staff and the wider community and continue delivering key essential services.

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

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

Rather than introduce a specific 'COVID-19' Corporate Risk we assessed our strategic risks against any new associated causes, controls or actions. This would be in line with best practice. The Corporate Risk register was monitored closely throughout the crisis and reported to Board on a monthly basis.

The Annual Report provides a section on the full impact, costs, lessons learned etc. resulting from the COVID-19 emergency.

Ministerial Directions

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

Protective Security Breaches

During 2019/20 two GDPR breaches were referred to the Information Commissioner's Office (ICO). Both related to the disclosure of information. The ICO has subsequently closed both cases with no further action required.

3. Overview of Significant Reports/Issues

3a. External Reports

Departmental Inspections

In 2019/20, the Department's Inspection Team carried out eight inspections and a Recommendations Follow Up exercise. At the end of February 2020, three inspection reports have been issued in Final, all with a Satisfactory inspection opinion:

- Welfare Reform – NIHE Implementation of Social Sector Size Criteria;
- Transformation Programme - Housing Services Project; and
- NIHE Strategic Review of Temporary Accommodation.

One report was issued in Draft, also with a satisfactory inspection opinion:

- GDPR Arrangements in Housing Services.

Four inspections were at the stage of the fieldwork which was completed in relation to two inspections. The recommendations follow up exercise was also progressing well with fieldwork close to completion.

- Health and Safety on NIHE Construction Sites;
- Community Safety Strategy;
- Tenancy Fraud Strategy; and
- NIHE Procurement Arrangements.

3b. Internal Reports

Head of Internal Audit Opinion

Throughout the 2019/20 year Internal Audit delivered an ARAC approved programme of work to enable the Head of Internal Audit to provide an annual opinion on the overall adequacy and effectiveness of the Housing Executive's framework of risk management, control and governance.

The Head of Internal Audit, on the basis of work carried out in 2019/20 has provided an overall **Satisfactory** opinion regarding the adequacy and effectiveness of the Housing Executives internal control environment.

Satisfactory is defined as: Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.

Whilst **Limited** 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.

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

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

Internal Audit Reports

During the 12 months to 31 March 2020, Internal Audit delivered 25 internal audit assignments from the 2019/20 Internal Audit Plan. This total included 19 assurance assignments (3 of which related to Housing Benefit), 5 advisory assignments, and 1 follow up report against a planned programme of 32 Internal Audit Assignments.

In response to the COVID-19 crisis the Housing Executive took steps to amend working practices in order to safeguard staff and ensure the delivery of statutory services. This disruption affected the delivery of the 2019/20 internal audit plan with 4 assignments identified as not practical to complete during the crisis period. The incomplete assignments are Homelessness, Supporting People, Boiler Replacement and DLO; these have been carried forward to the 2020/21 plan. ARAC had previously approved 3 assignments to be carried forward into the 2020/21 plan, making the total number of audit assignments carried forward 7. 2 of these 7 audits have subsequently been issued as final reports during 2020/21, Boiler Replacement was issued on 27/08/2020 and Supporting People Governance was issued on 08/10/2020.

Internal Audit has issued 1 report from the 2019/20 Internal Audit plan with a Limited assurance opinion, Keystone- Access Management. The report contained no Priority 1 recommendations and 5 Priority 2 recommendations, These have been accepted by management with appropriate action plans and timeframes in place for implementation. The Supporting People Governance audit, carried forward into 2020/21 plan, was also issued with a Limited assurance opinion. The report contains 2 priority 1 recommendations which have been accepted by management.

Head of Internal Audit Opinion (Housing Benefit)

During the 12 months to 31 March 2020, Internal Audit carried out 3 audit assignments on Housing Benefit and all 3 reports were issued with a satisfactory opinion.

The Head of Internal Audit, on the basis of work carried out in 2019/20 and cumulative assurances derived from internal audit activity during the previous two years, provided an overall Satisfactory assurance opinion. In forming the overall opinion, the Head of Internal Audit has taken account of the Housing Executive's risk management, control and governance arrangements.

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

Monitoring of Recommendations

Internal Audit monitors the implementation of internal and external recommendations through the Recommendations Monitor process.

Over the past 12 months the Housing Executive has demonstrated a clear management commitment to the implementation of outstanding recommendations. Excellent progress has been made with 95 recommendations closed during 2019/20 leaving a closing balance of no Priority 1 recommendations, 30 Priority 2 recommendations and 11 external NIAO recommendations to be carried forward to 2020/21. NIAO confirmed in October 2020 that 4 of the 11 external recommendations have been implemented. Progress has been made in implementing the remaining 7 recommendations and these will continue to be monitored during 2020/21 through the NIHE recommendations monitor process.

Internal Audit Recommendations	OPENING BALANCE	ADDED IN YEAR	COMPLETED	CLOSING BALANCE
Priority 1	24	1	25	0
Priority 2	69	31	70	30
Total	93	32*	95	30

**5 recommendations (1P1 and 4P2) were added in year from a delayed 2018/19 audit report.*

The progress of recommendations is reported quarterly to ARAC who closely monitor their implementation, ensuring management are held to account for deadlines and requesting explanations for any delays in implementation.

Internal Audit has worked closely with management and ARAC to improve management information and reporting processes to assist the committee in overseeing the recommendations process.

The Head of Internal Audit 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. In addition, recommendations made on external reports require the external body to validate the reported status.

Technical Inspection Unit (TIU) Reports

Since June 2019, TIU reported on 13 inspections finalised:

- 8 Satisfactory / Compliant: please note that 3 of these reports were from 2018/19 Plan (when we were still using the old classifications) but were finalised in 2019/20.
- 4 Limited / Partially Compliant: 1 of these was from 2018/19 Plan (when we were still using the old classifications) but were finalised in 2019/20.
- 1 Health Check (no opinion).

The following Limited / Partially Compliant reports were as follows:

- Planned Scheme Closure: This was a review of a number of Planned Maintenance schemes where there was found to be a lack of documentation available / delay in receipt of documentation in accordance with contract requirements and with regard to compliance with legislation.
- Bathrooms, Kitchens, Rewiring (BKR) South Region: This was a review of one planned maintenance scheme. The report found the scheme commenced on site before all asbestos surveys were completed and a lack of compliance documentation.
- ATRM Mid-Ulster: This was a sample of response maintenance jobs. The report found a quantity of Asbestos containing materials was unaccounted for and missing electrical / smoke alarm certificates.
- BKR Belfast Region: This was a review of one planned maintenance scheme. The report found the contractor's performance had not been formally scored and reported with no evidence of low performance being discussed with contractor.

There were 24 inspection reviews on the 2019/20 approved TIU plan. One was deferred to the 2020/21. Of the 23 remaining details on their status are below:

- 8 issued as final reports;
- 3 issued as draft reports;
- 9 are work in progress; and
- 3 carried forward to the 2020/21 plan.

Update on Internal Investigations including potential Fraud Investigations reported in 2018/2019 Annual Governance Statement

Of the cases reported in 2018/19, one case relating to a maintenance contractor remains under investigation. This has resulted in ongoing civil proceedings. The remainder of the cases have all been closed with no further action.

Internal Investigations 2019/2020 (including Potential Fraud)

During 2019/20 eight new cases were referred to the Corporate Investigation and Security Unit. Four cases were closed with the allegations substantiated. Of these two have been reported to the PSNI and recovery is being sought. One case is under investigation by another statutory body and the remaining case did not involve a loss to the public purse and was stopped before payment was made. Of the remaining four cases, two remain under investigation and two were closed with no evidence found.

Tenancy Fraud Unit Investigations (TFU)

From 26th February 2019 – 24th February 2020, 227 tenancy fraud cases were referred to the TFU for investigation:

- 48 dwellings have been recovered;
- 5 dwellings are pending recovery as a consequence of investigations;
- 12 fraudulent housing applications were withdrawn or cancelled;
- 2 fraudulent housing selection scheme points removed;
- 11 fraudulent succession assignments denied;
- 2 fraudulent right to buy applications withdrawn; and
- 1 false bedroom need removed.

Whistle-blowing Cases

During the 2019/20 year, 17 new whistle-blowing cases were referred to the Head of Corporate Investigation and Security. Of these, nine were closed because the allegations could not be substantiated. Of the remaining eight, four remain open and under investigation although it is not anticipated there will be any action taken at their conclusion. Four have been closed with the allegations substantiated and further action being taken.

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

4. Declaration of Significant Governance Issues for 2019/2020

I can confirm that the significant governance issues raised in the Governance Statement for the year 2019/20 were highlighted in the appropriate risk registers, risk owners were allocated, and actions put in place to address them.

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

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

Health and Safety Executive Investigation

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

The main contractor accepted liability to the charges brought. The Housing Executive agreed to accept a general caution for a breach of the Article 5(1) which relates to a failure to take all reasonably practicable steps to prevent the exposure of non-employees to risk. The caution was formally accepted by the Housing Executive on the 17 June 2019.

5. Other Significant Issues

Coronavirus (COVID-19 outbreak)

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

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

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

Future Stock Investment Strategy

The Asset Management Strategy that was approved by Minister Morrow in 2016 was predicated on the Housing Executive's funding position for investment in its stock being significantly improved. However, rent freezes over the last number of years have meant that there has been a significant loss of potential funding that could have been used to invest in our stock. A rent increase was approved by the Minister for 2020/21 but this decision was subsequently deferred in recognition of the economic impact of COVID-19 on tenants. While the rescheduled rent increase in October 2020 will provide some additional funding, we project a shortfall of nearly £1 billion in the funding required to improve and maintain our properties over the coming 10 year period.

In 2017, the Department approved an interim revised approach to ensure that investment in our stock was directed at optimising the level of lettable stock available to help address rising housing need.

While we welcome the potential measures set out in the New Decade New Approach agreement to addressing this issue, we will be reviewing our Asset Management Strategy in early 2020/21 and developing a range of strategic options for discussion with the Department in the event that our future funding requirement remains uncertain.

Contract Management (Planned Maintenance)

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

Contract Management (Response Maintenance)

Following a review of the current response maintenance contracts which were coming up to their first natural break during 2020/21, it was decided to offer extensions for 4 contract lot areas and end the current arrangements with the remaining contractors. However, 1 of the contractor offered a renewal declined the extension and therefore a total of 3 contract lots will be procured.

The Housing Executive embarked on a re-procurement exercise, taking into account lessons learnt from the previous exercise. The response maintenance tender was issued in February 2020 with the start of the new contract envisaged to commence, subject to a successful tender exercise and any potential legal challenges, in September 2020. Unfortunately, as with the planned maintenance, it was decided that all tenders would be suspended during the coronavirus crisis. In the interim, the

Direct Labour Organisation (DLO) and our external contracting partners will be responsible for delivering statutory servicing, inspection and emergency only repairs during the COVID-19 crisis. We would expect that the procurement processes will resume once business conditions return to normal. The Director of Asset Management has requested 3 contractors, whose contracts were due to expire in June 2020, to agree to extensions until the normal business environment resumes and awaits their reply.

Fire Safety Reports

Following the tragedy at Grenfell in 2017 there have been a number of Fire Safety Reports published. These will introduce a range of new considerations and safety measures with regards to Tower Blocks and High Rise buildings and may further extend to assessment of external facades (relative to fire spread) across Medium & Low Rise Blocks of Flats & Maisonettes.

The Ministry of Housing, Communities & Local Government (MHCLG) Consolidated Guidance document from 20/01/20 amalgamated all advice notes to date and is most relevant to our High Rise Blocks. As a consequence of this guidance, and earlier government directives, the Housing Executive is reassessing all our Tower Blocks from a Fire Safety perspective to ensure we meet the required standards. The Housing Executive will develop an action plan and any remedial action will be prioritised.

Affordable Warmth Scheme – Expenditure

The Housing Executive and Local Councils deliver the Affordable Warmth Scheme on behalf of the Department. The Housing Executive deliver the scheme through an annual key performance indicator (KPI) target agreed with the Department, and in line with the allocated annual budget for the scheme. The Housing Executive has been advised that the Department for Communities should have notified the Department of Finance (DoF), and sought retrospective approval, for changes to the scheme from the original Business Case approved by the DoF in September 2014. As a result, the DoF consider all expenditure associated with the original business case to be irregular. The Department for Communities has carried out an Internal Audit of the Affordable Warmth Scheme which is currently in draft form.

The table below details the Affordable Warmth expenditure deemed to be irregular.

Financial Year	£k's
2015/16	£11,556
2016/17	£21,812
2017/18	£18,246
2018/19	£11,561
2019/20	£952
Total	£64,126

Welfare Reform – Impact on Housing Benefit

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

The Housing Benefit caseload has steadily decreased since Universal Credit (UC) was fully rolled out across Northern Ireland; however, the transition has been at a much slower pace than previously anticipated. Existing Housing Benefit customers will continue to move to Universal Credit but only when they have a significant change of circumstances. At the end of January 2020, the Housing Benefit caseload was just over 129,000. The managed migration of legacy Housing Benefit caseload (now re-designated 'Move to UC') has been further delayed and will not commence until January 2021 with the completion of this process also deferred until the end of 2023.

The Housing Executive has continued to work closely with the Department's UC Project Team during 2019/20. Discussions on the roll-out of 'Move to UC' have included consideration of a partner led approach which would involve the Housing Executive as a trusted partner to support claimants/tenants to move to UC.

The 'Move to UC' programme has not yet been developed in Northern Ireland (or in UK as a whole) however consideration of a partner led approach involving the Housing Executive as a trusted partner to support claimants/tenants to move to UC is an endorsement of the work undertaken by the Housing Executive during the ongoing 'transition to UC'. The Housing Executive has developed processes to help both private and social tenants during the transition phase from HB to UC and has been especially proactive in terms of ensuring the 2 week transitional HB payment is paid and signposting Mixed Age Couples to UC well in advance before Legacy benefits end. In addition our Financial Inclusion Team work closely with our tenants who have transitioned to UC to help them understand the UC ethos to maintain their claim commitments and to ensure that UC payments continue. These are some examples of the work undertaken by the Housing Executive which are recognised by DfC to make us best placed to work in partnership during the 'Move to UC' phase.

In addition, the Housing Executive commenced a pilot project with the Department for Work and Pensions (DWP) on 2nd January 2020 to align the way housing costs payments are made with a tenant's Assessment Period. This means that the Housing Executive receives the housing cost element of Universal Credit at the same time as a tenant receives their Universal Credit payment; alongside a daily schedule of tenants' housing cost payments. This change in payment frequency addresses the issue of 'residual' arrears and simplifies rent accounting and arrears procedures for staff as they can react more quickly to missed payments. The change in payment frequency also gives tenants a better understanding of their rent account, as the previous payment strategy was difficult for tenants to understand and made rent statements more complicated. The pilot is going well so far and payments are being received on a daily basis and credited to tenants rent accounts.

The Department recently advised of the Minister's decision to introduce new legislation to extend the Social Sector Size Criteria (SSSC) mitigation beyond 31st March 2020. It is anticipated that Welfare Supplementary Payments will therefore continue to be made for those impacted by SSSC. It is expected that mitigation will

also continue for those impacted by Benefit Cap though this process does not require a change to primary legislation and therefore final confirmation is imminent.

Housing Benefit Fraud and Error

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

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

In response to the pandemic, all fraud measurement activity was suspended by DfC in late March as the Department focused on its essential function of paying benefits to the most vulnerable in our society. Work recommenced in late August but 5 months of the programme was lost.

Assessing the Level of Fraud and Error

Standards Assurance Unit has produced their estimates for calendar year 2019 and table below shows comparisons with 2018.

% of Annual Expenditure	Customer Fraud	Customer Error	Official Error	Total Error
Jan 2019 - Dec 2019	2.7%	2.1%	0.4%	5.3%
Jan 2018- Dec 2018	2.8%	1.3%	0.6%	4.7%

The monetary value of the customer fraud estimate of 2.7% comes to £15.4m while the total estimate of fraud and error of 5.3% amounts to £29.8m. of which £5.6m is underpaid HB due to customer error. These results represent an increase of £513k on the 2018 figures recorded as £29.3m.

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

Means of Addressing Fraud and Error (Real Time Information)

Undeclared earnings and pensions are acknowledged as being the largest sources of fraud and error. The Housing Executive receives information from HMRC via Verification of Earnings and Pension (VEP) Alerts when a claimant's earnings or occupational pension varies. The VEP Alerts are generated on a daily basis and the Housing Executive review approximately 500 cases each month which ensures that

the correct level of Housing Benefit is being awarded and reduces the likelihood of HB overpayments occurring.

Invest to Save: Earned Income Review

The Department secured funding to carry out a range of “Invest to Save” initiatives across all social security benefits during 2019/20. The Housing Executive has carried out a review of almost 9,000 claims where claimants have not declared a change to their earned income.

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

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

Apr 2019- Mar 2020	Claims Reviewed	Error/Cases Identified	% with Overpayment	Overpayments Raised	Forward Savings
VEP Alerts	6,128	2,002	33%	£895,934.37	£2,397,930.10
Invest to Save Review of Earned Income Sample Cases	8,998	4,121	46%	£1,907,853.11	£3,702,829.11
HBMS Data Match	466	37	8%	£21,663.65	£74,773.75
Data Cleanse	6,782	521	8%	£803,839.46	£1,091,913.36
Total Compliance	22,376	6,681	30%	£3,629,290.59	£7,267,446.32

While the figures for the Compliance Programme above identify the amount of overpayments raised, it should be noted that the work undertaken also prevents future losses. In keeping with the principles used by the Department, these are estimated from the date the benefit is adjusted. In the Compliance cases above these Forward Savings amounted to £7.3m.

Partnership with Benefit Security Division

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

Cases referred to Benefit Security Division BSD for Fraud Investigation	Cases sent to BSD	Cases returned as unsuitable for Fraud Investigation
Apr 2019- Mar 2020	284	0

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

Cases investigated by BSD resulting in a HB overpayment	Number of cases	Value of Overpayments raised	Prosecutions	Admin Penalties
Apr 2019- Mar 2020	443	2,151,162.20	77	48

HB Overpayment Recovery

A KPI had been agreed with the Department in respect of the recovery of HB overpayments whereby the Housing Executive will recover £13m. At the end of March 2020, a total of £14.8m was recovered. The total raised for the period 1st April 2019 to March 2020 was £16.9m. Of the £16.9m in overpayments raised, £5.78m have come through the work carried out by counter fraud and error described above by the BSD and the Housing Executive.

Overpayments of Housing Benefit have increased over the year by £872k, an increase of 1.9%.

HB Overpayments	B/F from start of year (exc. court costs)	Value of Overpayments raised	Value of overpayments recovered	Written Off	Outstanding at end of period (exc. court costs)
Apr 2019 Mar 2020	£45.9m	£16.9m	£14.8m	£1.19m	£46.8

The main causes for overpayments are attributed to claimants not reporting changes of circumstances, including changes to income and household. A number of initiatives are in place to minimise the occurrences of overpayments, including the automated transfer of changes of circumstances via ATLAS files in respect of Tax Credits and Social Security Benefits. The Housing Executive has processed 2.6m ATLAS transactions between 1 April 2019 and 31 March 2020. The VEP alerts received from HMRC provides details of claimants that have had a significant

change in their earned income or occupational pensions. The Housing Executive currently reviews approximately 500 of these alerts each month.

During 2019/20, the estimated level of cumulative overpayments increased from £45.9m to £46.8m, an increase of £872k. HB expenditure for 2019/20 is recorded as £559.06m with a total of £14.8m recovered during the same period. A large part of the increase in overpayments stems from successful detection activity undertaken under the auspices of the Housing Executive's HB Fraud and Error Strategy. During 2019/20, approximately £5.78m was raised in overpayments arising from this counter-fraud activity, made up of £3.63m from activities carried out by the Housing Executive and £2.15m from activities carried out by BSD.

A significant proportion of the outstanding debt, £10.7m (22.8%), can be categorised as bad debt with debt being over 6 years old and no method of recovery available. The write-off criteria for HB overpayments are very restrictive with overpayments over the value of £300 only considered for write-off after 20 years.

Social Housing Reform Programme (SHRP)

The next stage of the SHRP is currently awaiting political consideration. This is a programme being considered by the Department focusing on the existing delivery structures for social housing in Northern Ireland and ensuring that they are effective going forward.

6. Conclusion

I can confirm that actions are in place to manage any issues identified and that Housing Executive management are fully committed to ensuring that these are appropriately addressed without undue delay. Progress in relation to these will be reported to the ARAC and the Board throughout 2020/21.

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 award for 2019/20 was approved during the year ended 31 March 2020.

Service contracts

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

Directors' Emoluments – Audited Information

Included in the forthcoming tables are pay and pension details for all members of the Senior Management Team who were employed as staff for the Housing Executive during the Year Ended 31 March 2020. Pension benefits disclosed represents the value of pension benefits accrued during the year and is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension rights.

REMUNERATION REPORT (continued)

Directors' Emoluments continued – Audited Information

Name and Title	Date of Contract	2020 Salary	2020 Bonus Payments	2020 Benefits In Kind	2020 Pension Benefits* *	2020 Total	2019 Salary	2019 Bonus Payments	2019 Benefits In Kind	2019 Pension Benefits* * Restated	2019 Total ** Restated
		£'000	£'000	£	£'000	£'000	£'000	£'000	£	£'000	£'000
C. Bailie Chief Executive	1 Sept 2015	130 - 135	-	-	90	220 – 225	130-135	-	-	89	215 - 220
C. McQuillan Director of Housing Services	1 April 2017	80 - 85	-	-	81	165 – 170	85 - 90	-	-	14	95 – 100
S. McCauley Director of Regional Services	1 April 2012	85 – 90	-	-	61	145 - 150	80-85	-	-	45	125-130

REMUNERATION REPORT (continued)

Directors' Emoluments continued – Audited Information

Name and Title	Date of Contract	2020 Salary	2020 Bonus Payments	2020 Benefits In Kind*	2020 Pension Benefits**	2020 Total	2019 Salary	2019 Bonus Payments	2019 Benefits In Kind*	2019 Pension Benefits** Restated	2019 Total ** Restated
		£'000	£'000	£	£'000	£'000	£'000	£'000	£	£'000	£'000
P. Isherwood Director of Asset Management	1 June 2015	80 - 85	-	-	56	135 - 140	75-80	-	-	50	125 - 130
C. McFarland Director of Finance, Audit and Assurance	1 July 2016	90 - 95	-	-	4	95 - 100	90 - 95	-	-	64	150 - 155

REMUNERATION REPORT (continued)

Directors' Emoluments continued – Audited Information

Name and Title	Date of Contract	2020 Salary	2020 Bonus Payments	2020 Benefits In Kind*	2020 Pension Benefits**	2020 Total	2019 Salary	2019 Bonus Payments	2019 Benefits In Kind*	2019 Pension Benefits Restated**	2019 Total ** Restated
		£'000	£'000	£	£'000	£'000	£'000	£'000	£	£'000	£'000
D. Moore Director of Corporate Services (from 1 May 2019)	1 May 2019	75 - 80 *** 85 - 90	-	-	559	635 – 640 *** 640 - 645	-	-	-	-	-

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

** Pension Benefits disclosed for each director represents the value of pension benefits accrued during the year and is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase/decrease due to a transfer of pension rights. Prior year figures have been restated due to a revision to 2018/19 pensionable pay figures

*** Full year equivalent salary

REMUNERATION REPORT (continued)

Directors' Emoluments continued – Audited Information

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

Fair Pay Disclosures – Audited Information

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

The banded remuneration of the highest-paid director in the Housing Executive in the financial year 2019/20 was £130k - £135k (2018/19: £130k – £135k). This was 5.22 times (2018/19: 5.55 times) the median remuneration of the workforce, which was £25,400 (2018/19: £23,866). The remuneration for the lowest paid staff member was £17.4k (2018/19: £16.3k).

No employee received remuneration in excess of the highest paid director in 2019-20 or 2018-19. Remuneration ranged from £17,364 to £132,875 (2018/19: £16,394 to £130,820). The decrease in the pay multiple ratio between 2018-19 and 2019-20 is due to a larger percentage increase in the median remuneration of the workforce than the highest paid director.

	2020	2019
Band of highest paid Director's total remuneration	£130K-£135K	£130K-£135K
Median Total Remuneration	£25,400	£23,866
Ratio	5.22	5.55

REMUNERATION REPORT (continued)

Directors' Pensions – Audited Information

Name and Title	Total Accrued Pension at Pension Age as at 31 Mar 2020 & Related Lump Sum	Real Incr. (Decr) In Pension & Related Lump Sum At Pension Age	CETV at 31 Mar 2019 (or date of joining) Restated *	CETV at 31 Mar 2020 (or date of leaving)	Real Incr. (Decr) in CETV after adj.
	£'000	£'000	£'000	£'000	£'000
C. Bailie Chief Executive	65 – 70 Plus 130 – 135 Lump Sum	2.5 - 5 Plus 7.5 - 10 Lump Sum	1,108	1,242	101
S. McCauley Director of Regional Services	30 – 35 Plus 35 - 40 Lump Sum	2.5 – 5 Plus 2.5 - 5 Lump Sum	404	465	47

REMUNERATION REPORT (continued)

Directors' Pensions – Audited Information

Name and Title	Total Accrued Pension at Pension Age as at 31 Mar 2020 & Related Lump Sum	Real Incr. (Decr) In Pension & Related Lump Sum At Pension Age	CETV at 31 Mar 2019 (or date of joining) Restated *	CETV at 31 Mar 2020 (or date of leaving)	Real Incr. (Decr) in CETV after adj.
	£'000	£'000	£'000	£'000	£'000
P. Isherwood Director of Asset Management	30 – 35 Plus 50 - 55 Lump Sum	2.5 – 5 Plus 2.5 - 5 Lump Sum	350	404	41
C. McQuillan Director of Housing Services	40 – 45 Plus 80 - 85 Lump Sum	2.5 – 5 Plus 5 – 7.5 Lump Sum	765	873	88

REMUNERATION REPORT (continued)

Directors' Pensions – Audited Information

Name and Title	Total Accrued Pension at Pension Age as at 31 Mar 2020 & Related Lump Sum	Real Incr. (Decr) In Pension & Related Lump Sum At Pension Age	CETV at 31 Mar 2019 (or date of joining) Restated *	CETV at 31 Mar 2020 (or date of leaving)	Real Incr. (Decr) in CETV after adj.
	£'000	£'000	£'000	£'000	£'000
C. McFarland Director of Finance, Audit and Assurance	40 - 45 Plus 80 - 85 Lump Sum	0 – 2.5 Plus 0 – 2.5 Lump Sum	815	862	25
D. Moore Director of Corporate Services (from 1 May 2019)	25 – 30 Plus 0 – 2.5 Lump Sum	27.5 - 30 Plus 0 – 2.5 Lump Sum	-	346	339

* Revised pensionable pay figures for 2018/19 resulted in restatement of CETV at 31 March 2019

REMUNERATION REPORT (continued)

Northern Ireland Housing Executive Pension Arrangements

The Housing Executive participates in the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) pension scheme for the majority of its employees. The Chairman is not a member of the NILGOSC Scheme. The scheme was established by the Government in April 1950 to operate a pension scheme for the local councils and other similar bodies in Northern Ireland. The pension scheme is known as the Local Government Pension Scheme Northern Ireland (the Scheme) and is a defined benefit pension scheme. NILGOSC is the corporate body responsible for the administration of the Scheme and is a non-departmental public body, sponsored by the Department for Communities from May 2016.

From April 2015, the Scheme is a defined benefit career average revalued earnings (CARE) scheme, meaning that future pension benefits will be calculated on career average earnings rather than final salary. This was a change where previously, up until 31 March 2015, the Pension scheme provided benefits for each year of service on a 'Final Salary' basis with a significant change to the scheme in 2009. The major changes to the NILGOSC pension scheme are summarised below:

Prior to 1 April 2009

Prior to 1 April 2009, benefits accrued at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3/80ths of pensionable salary for each year of service, prior to 1 April 2009, is payable on retirement.

1 April 2009 – 31 March 2015

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

From 1 April 2015

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

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

REMUNERATION REPORT (continued)

Northern Ireland Housing Executive Pension Arrangements (cont'd)

From April 2011, pensions payable are increased annually in line with changes in the Consumer Price Index (CPI). Prior to this date, pensions were increased in line with changes in the Retail Prices Index (RPI). The Scheme's professionally qualified actuaries recommend the rates of employer's contribution to be paid.

Cash Equivalent Transfer Values

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

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

Real Increase in CETV

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

REMUNERATION REPORT (continued)

Board Members' Emoluments – Audited Information

Name and Title	Date of Appointment	Expiry of Term of Office	2020 Salary £'000	2020 Benefits in Kind £ (to nearest £100)	2019 Salary £'000	2019 Benefits in Kind £ (to nearest £100)
Professor P. Roberts, * Chair	1 April 2019	30 Nov 2022	30 - 35	16,400	30 - 35	14,200
J McMullan Vice-Chairman	1 April 2019	31 March 2024	15 - 20	-	-	-
K. Millar	1 June 2015	Until 30 November 2020 (extended from 1 June 2020 for a period of 6 months, or until a replacement is appointed)	5 - 10	-	5 - 10	-
P. Brett	1 June 2015	Until 30 April 2019	0 - 5	-	5 - 10	-
W. Keery	1 June 2015	Until 30 April 2019	0 - 5	-	5 - 10	-

REMUNERATION REPORT (continued)

Board Members' Emoluments – Audited Information

Name and Title	Date of Appointment	Expiry of Term of Office	2020 Salary £'000	2020 Benefits in Kind £ (to nearest £100)	2019 Salary £'000	2019 Benefits in Kind £ (to nearest £100)
J. McCall	1 June 2020	31 May 2025	5 – 10	-	5 – 10	-
D. Wilson	1 June 2020	31 May 2025	5 – 10	-	5 – 10	-
C. Elattar	1 January 2020	4 years or until the date of the next Local Government election	0 - 5	-	5 -10	-
C. Welch *** (temporary)	1 August 2019	Until 30 June 2020 (temporarily appointed by Secretary of State, due to the absence of a Minister)	5 – 10 ** 5 - 10	1,500	-	-
A. Bresland	1 January 2020	4 years or until the date of the next Local Government election	0 – 5 ** 5 - 10	-	-	-
M. Ruane	1 January 2020	4 years or until the date of the next Local Government election	0 – 5 ** 5 - 10	-	-	-

REMUNERATION REPORT (continued)

Board Members' Emoluments – Audited Information

Name and Title	Date of Appointment	Expiry of Term of Office	2020 Salary £'000	2020 Benefits in Kind £ (to nearest £100)	2019 Salary £'000	2019 Benefits in Kind £ (to nearest £100)
A. Grehan	1 January 2020	4 years or until the date of the next Local Government election	0 – 5 ** 5 - 10	-	-	-

Independent Committee members

Name and Title	Date of Appointment	Expiry of Term of Office	2020 Salary £'000	2019 Salary £'000
S. Hetherington ***	1 December 2017	31 Nov 2022	0 - 5	0 - 5
J.P. Irvine ***	1 February 2014	Until 31 January 2020	0 – 5 ** 0 - 5	0 - 5
B. Graham ***	1 May 2014	Until 30 April 2020	0 – 5 ** 0 - 5	0 - 5

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

** Full year equivalent salary

*** Committee member of Audit and Risk Assurance Committee (ARAC) or Direct Labour Organisation Performance and Development Committee (DLO).

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

	2020				2019
	Permanent Staff £'000	Others £'000	Board Members £'000	Total £'000	Total £'000
(a) Staff costs comprise					
Wages and Salaries	75,064	-	86	75,150	73,609
Social Security Costs	7,475	-	5	7,480	7,142
Seconded-in Staff	-	210	-	210	214
Agency Costs	-	12,545	-	12,545	12,909
Total Staff costs					
excluding Pension Cost	82,539	12,755	91	95,385	93,874
Other Pension Costs				36,112	25,390
				<u>131,497</u>	<u>119,264</u>
Less staff costs capitalised - IT Software				-	(88)
				<u><u>131,497</u></u>	<u><u>119,176</u></u>

Social security costs include £365k (2018/19: £349k) of apprenticeship levy costs borne by the Housing Executive.

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

	2020 £'000	2019 £'000
Wages and Salaries	111	140
Social Security Costs	12	15
Other Pension Costs	22	26
	<u>145</u>	<u>180</u>

(b) Average number of persons employed

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

	2020				2019
	Permanent Staff Number	Others Number	Board Members Number	Total Number	Total Number
Landlord Services	1,944	-	7	1,951	1,858
Regional Services	742	-	3	745	807
Agency Staff	-	545	-	545	579
Seconded In Staff	-	4	-	4	4
	<u>2,686</u>	<u>549</u>	<u>10</u>	<u>3,245</u>	<u>3,248</u>

Staff Report continued

Staff numbers and related costs (continued)

(b) Average number of persons employed continued

Staff numbers are distributed accordingly across the Landlord Services and Regional Services directorates. A recharge is reallocated for direct staff who work specifically in each of these directorates but whose work results in commissioned services elements being performed for the other directorate. Support Services staff are allocated to the Landlord Services and Regional Services directorates on the basis of the apportionment methodology (see accounting policy 1(v)).

(c) Employee Gender

At 31 March 2020 there were 2,865 staff employed within the Housing Executive (including Board Members). Below is a gender breakdown by Directorate:

	Male Number	Female Number	Total Number
Executive	4	2	6
Board Members	8	2	10
Landlord Services	1,188	849	2,037
Regional Services	362	450	812
	<u>1,562</u>	<u>1,303</u>	<u>2,865</u>

The gender disclosure above does not include agency staff or seconded in staff. As noted the gender disclosure numbers are based on staff employed as at 31 March. This disclosure will differ from staff numbers disclosed in part (b), which are based on average full time equivalent for the 2019/20 financial year.

Staff Report continued

Early Departure Costs - Audited Information

	2020		2019
	Nos.	£'000	Nos. £'000
<p>The cost of early departure decisions taken this year and in previous years are shown in the table below:</p>			
(a) Actuarial compensation paid by the Housing Executive for the early payment of pension benefits provided by NILGOSC to officers who retired early;	6	9	43 801
(b) Restructuring compensation paid and accrued by the Housing Executive for the early retirement of staff;	(5)	(90)	41 1,545
		<u>(81)</u>	<u>2,346</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;	447	<u>911</u>	466 <u>936</u>

2018/19 was the final year of the voluntary early severance (VES) scheme, which the Housing Executive has been rolling out over recent years. During the year ending 31 March 2020, there were, however, residual costs from staff leaving where VES had been previously approved. The residual 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

Early Departure Costs - Audited Information

Reporting of Compensation and Exit Packages for all Staff 2019-20 - 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	-	3	3
£10,000 - £25,000	-	2	2
£25,000 - £50,000	-	2	2
£50,000 - £100,000	-	-	-
£100,000 - £150,000	-	-	-
Total Number of Exit Packages			
2019-20	<u>-</u>	<u>7</u>	<u>7</u>
2018-19	<u>-</u>	<u>52</u>	<u>52</u>
Total Cost £'000			
2019-20	<u>-</u>	<u>(81)</u>	<u>(81)</u>
2018-19	<u>-</u>	<u>2,346</u>	<u>2,346</u>

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

Employee involvement

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

Our core objective for 2019/20 was the effective implementation of our organisational Learning and Development Strategy, approved in early 2019. In line with the supporting action plan the Learning and Development Team focused on two core areas this year:

- Development of a Learning and Development Policy, aiming to ensure that all Housing Executive employees receive appropriate learning and development aligned to organisational need in a fair and equitable manner, and providing a framework for supporting effective learning and development to ensure that our people develop relevant knowledge, skills and behaviours.
- Increasing learner and leader engagement with our learning management system by:
 - streamlining online administration and self-service functionality in relation to learning and development and performance management;
 - enhancing our data reporting capabilities to evaluate learning and development activity and helping us provide meaningful information to management teams.

We continued to deliver core offerings in line with our needs-based approach to support leaders and individuals at all stages of their learning journey. Our corporate learning programme which combines in-house expertise and external delivery partnerships, allowed us to increase our offering to learners to meet their diverse needs. The programme consists of three elements, aligned to the needs-based ethos of our strategy and policy – Grow Your Skills (core training and skills), Grow Your People (essentials of leadership and management) and Grow Your Potential (supporting career development).

A key feature of this year's work plan was the roll out of a new online induction programme for all new starts through our learning management system. The creation of a staggered programme enables those who are new to our organisation to complete a series of e-learning modules designed to provide core information and compliance-based training to support them in their new role.

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.

As an organisation, we also recognise that the health and wellbeing of our staff is vital to the achievement of our goals and ambitions. Healthy, stress-free and motivated employees contribute to continued high levels of performance. We have a strong focus on facilitating work-life balance and ensuring the health and wellbeing of

our staff through a range of initiatives including Fitech health assessments, health awareness promotion, corporate gym memberships, a cycle to work scheme, healthy eating initiatives, flexible working patterns, childcare vouchers. Counselling services are available to provide welfare and assistance to Housing Executive employees on a wide range of issues whether they are connected to work or home life.

We are committed to promoting positive mental health in the workplace, and to providing a supportive working environment for staff experiencing mental ill health.

The training delivered through our partnership with Action Mental Health was one of our most popular offerings in 2019/20. Evaluation indicates that in total 150 staff from across the organisation attended some form of training delivered through this programme. All those who did agreed that the training they undertook was relevant and of value to them, and will help them make positive changes.

There are now 41 members of staff across our business who are trained as Mental Health First Aiders. This accreditation will enable these staff to recognise the signs and symptoms of common mental health illnesses and guide a colleague towards the right support.

Staff News is our email service which combines news on job trawls, staff bulletins, corporate news, office relocations, Corporate Social Responsibility (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 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.

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.

NIHE recruits 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, coaching and mentoring, and further education through our Aids to Study Scheme which enables employees to obtain qualifications that are relevant to their current job or career plan. NIHE also facilitates work experience and placement opportunities.

The Housing Executive's award winning Mentor Programme continued to thrive. The Programme is grounded in our core values of making a difference through fairness, passion and expertise. It promotes the recognition, development and growth of the high levels of talent we have right across our organisation. We facilitated two mentee intakes in 2019, as well as welcoming and upskilling a new cohort of mentors, and a mentor networking and CPD session to mark UK National Mentoring Day. Mentors and mentees who participated in the programme this year reported career development and planning, confidence building and relationship management as the

top 3 learning outcomes from their mentoring experience. In 2019/20 we achieved an almost 50/50 gender split of mentors and mentees for the first time since the programme's inception in 2015.

Sickness Absence

Total absence for the year was 7.2%, which is an increase on the previous year's figure (7.02%).

To address the increase in absence levels the number of Occupational Health appointments available was increased and an early referral in instances of absence due to stress was implemented. The absence rate reduced in the final quarter of 2019/20 to 6.64%.

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

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

An online absence training programme has been rolled out for line managers. This training provides guidance on all aspects of the absence management process and includes how best to utilise the TMS system for recording and reporting on absence.

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. Inspire Workplaces, who provide counselling services to NIHE have developed a well-being hub, accessible by all staff, containing advice and guidance on maintaining physical and mental 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.

Staffing Policies:

The Housing Executive has recently been awarded a Bronze Certificate from Diversity Mark Northern Ireland, in recognition of the organisations commitment to equality and diversity and its on-going work with regard to the introduction of a series of initiatives which will further embed the diversity culture within the organisation.

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.

3.7% of our staff consider themselves to have a disability under the DDA definition.

b) Equality of opportunity (employment)

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

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

c) Equality of opportunity (general)

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

Trade Union Relationships

The Housing Executive recognises two Trade Unions for collective bargaining purposes – NIPSA and Unite. Meetings, both formal and informal, are held at a local, regional and central level to discuss and resolve industrial relations issues.

The formal negotiating body is the Joint Consultative and Negotiating Committee (JCNC). Membership of the JCNC includes Directors, the Head of HR and full time Trade Union officials. The primary objective of the JCNC is to promote good industrial relations through a process of engagement and communications.

Off-Payroll Engagements

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

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

Health & Safety

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

Expenditure on Consultancy

The Housing Executive spent £nil (2018/19: £38k) on consultancy projects during the year.

Assembly Accountability and Audit Report

ASSEMBLY ACCOUNTABILITY REPORT

Statement of Losses and Special Payments - Audited Information

	2020		2019	
	Number	£'000	Number	£'000
Claims Waived (Amounts Written Off):				
Rent & Rates	2,496	1,107	2,494	981
Recoverable Charges - Damages	237	133	516	228
Recoverable Charges - Legal	313	128	334	147
Hostels	72	42	81	45
Travellers	6	0	6	4
Rent & Rates - Debt Relief Orders	88	210	-	-
Housing Benefits Overpayments	2,850	1,189	4,197	1,202
	6,062	2,809	7,628	2,607
Special Payments over £250,000	1	250	1	550
Ex Gratia Payments	15	18	28	325
Public Liability Claims	199	1,309	193	1,177
Contractual Claims	1	5	1	299
Other Write Offs and Cash losses - numerous	399	293	503	347
	6,677	4,684	8,354	5,305

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

There was 1 special payment of £250k relating to a procurement related claim brought against NIHE. The amount above includes all costs associated with this claim.

Remote Contingent Liabilities - Audited Information

The Housing Executive has no significant liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. Contingent liabilities are disclosed in Note 24 of the financial statements.



Clark Baillie

Chief Executive

Date: 16 October 2020

NORTHERN IRELAND HOUSING EXECUTIVE

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

Opinion on financial statements

I certify that I have audited the financial statements of the Northern Ireland Housing Executive for the year ended 31 March 2020 under the Housing (Northern Ireland) Order 1981. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Northern Ireland Housing Executive's affairs as at 31 March 2020 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.

Emphasis of Matter

I draw attention to the disclosures made in note 10a to the financial statements, which describes the material uncertainties inherent in the valuation for all property assets (including all land, buildings and sites) due to the consequences of the COVID-19 pandemic. My opinion is not modified in respect of this matter.

Qualified Opinion on regularity

In my opinion, except for the estimated levels of fraud and error in housing benefit expenditure as described in the basis of opinions sections, 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 of Opinions

The total amount paid by the Northern Ireland Housing Executive in housing benefit is £564 million. The level of estimated fraud and error as reported in note 28 to the accounts resulted in overpayments of £23.3 million and underpayments due to official error of £0.9 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 transactions containing both over and underpayments arising because of official error are irregular because the Northern Ireland Housing Executive is required to calculate benefits in accordance with the regulations which specifies the entitlement criteria for housing benefit and the method used to calculate the amount of benefit to be paid.

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

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

- overpayments and underpayments 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.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs(UK) require me to report to you where:

- the Northern Ireland Housing Executive's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Northern Ireland Housing Executive has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Northern Ireland Housing Executive's ability to continue to adopt the going concern basis.

Other Information

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

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

Opinion on other matters

In my opinion:

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

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

As explained more fully in the Statement of Northern Ireland Housing Executive's and Chief Executive's Responsibilities, the Northern Ireland Housing Executive and Chief Executive are

responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Matters on which I report by exception

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

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

My detailed observations on Housing Benefit are included on Pages 208 to 216 of the financial statements.



Kieran J Donnelly

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

23 October 2020

Northern Ireland Housing Executive

Statement of Comprehensive Net Expenditure for the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Income			
Rental Income	4	296,863	296,527
EU Income	4	963	404
Other Income	4	53,995	56,093
Total Housing Benefit Income	7	<u>550,047</u>	<u>605,519</u>
Total Income		<u>901,868</u>	<u>958,543</u>
Expenditure			
Staff Costs	5	131,497	119,176
Other Expenditures	6	445,524	474,797
Total Housing Benefit Costs	7	550,047	605,519
Depreciation, Amortisation, Write Offs & Write Down	10(a)	<u>30,960</u>	<u>32,592</u>
Total Expenditure		<u>1,158,028</u>	<u>1,232,084</u>
Net Expenditure before Interest		(256,160)	(273,541)
Interest Receivable and Similar Income	9(b)	1,255	1,133
Financing Charges	8	(18,282)	(21,213)
Pension Financing Charges	22(d)	(2,696)	(3,807)
Net Expenditure before taxation (C/Fwd)		<u>(275,883)</u>	<u>(297,428)</u>

Northern Ireland Housing Executive

Statement of Comprehensive Net Expenditure (Continued) for the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Net Expenditure before taxation (B/Fwd)		(275,883)	(297,428)
Tax on ordinary activities	9(a)	(8,898)	(4,675)
Net Expenditure after taxation		(284,781)	(302,103)
<u>Other Comprehensive Net Expenditure</u>			
Items that will not be reclassified to net operating costs:			
Net (loss)/gain on revaluation of Property, Plant & Equipment and Intangible Assets		150,620	156,422
Net (loss)/gain on revaluation of Pension Actuarial Gains & Losses	22(e)	(105,983)	46,858
Other Comprehensive Net Expenditure		44,637	203,280
Total Comprehensive Net Expenditure for the year ended 31 March 2020		(240,144)	(98,823)

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

The notes on pages 144 to 203 form part of the accounts.

Northern Ireland Housing Executive

Statement of Financial Position as at 31 March 2020

	Note	2020 £'000	2019 £'000
Non-current assets			
Property, Plant & Equipment - Operational	10(a)	2,572,289	2,459,078
Property, Plant & Equipment - Non Operational	10(b)	852	744
Intangible Assets	10(c)	1,804	1,708
Trade and other receivables	14 & 15	<u>18,301</u>	<u>18,131</u>
Total non-current assets		2,593,246	2,479,661
Current Assets			
Short Term Investments	11	53,000	46,009
Assets Classified as Held for Sale	12	1,435	3,879
Inventories	13	1,476	2,446
Trade and other receivables	14 & 15	56,591	54,569
Cash and cash equivalents	16	<u>111,707</u>	<u>97,021</u>
Total current assets		224,209	203,924
Total assets		2,817,455	2,683,585
Current Liabilities			
Trade and other payables	17	(191,401)	(214,026)
Provisions	21	<u>(1,543)</u>	<u>(1,094)</u>
Total current liabilities		(192,944)	(215,120)
Net Current Liabilities		31,265	(11,196)
Non-current assets less net current liabilities		2,624,511	2,468,465
Non-current liabilities			
Trade and other payables	17	(26,411)	(27,765)
Loans Outstanding	18	(158,146)	(185,102)
Provisions	21	(1,242)	(569)
Pension Liability	22(c)	<u>(230,590)</u>	<u>(102,507)</u>
Total Non-current liabilities		(416,389)	(315,943)
Assets less Liabilities (C/Fwd)		2,208,122	2,152,522

Northern Ireland Housing Executive

Statement of Financial Position (Continued) as at 31 March 2020

	2020	2019
Note	£'000	£'000
	2,208,122	2,152,522
Assets less Liabilities (B/Fwd)		
Taxpayers' Equity		
Statement of Comprehensive Net Expenditure Reserve	1,104,864	1,182,158
Revaluation Reserve	1,103,258	970,364
	2,208,122	2,152,522

The financial statements on pages 138 to 203 were approved by the Board Members of the Northern Ireland Housing Executive and signed on their behalf by:



Professor Peter Roberts
Chair



Mr Clark Bailie
Chief Executive

Date: 16 October 2020

The notes on pages 144 to 203 form part of the accounts.

Northern Ireland Housing Executive

Statement of Cash Flows for the year ended 31 March 2020

		2020	2019
	Note	£'000	£'000
Net Cash Outflow from Operating Activities	23(a)	(247,319)	(253,546)
Cashflow from Investing Activities	23(b)	(48,933)	(84,250)
Cashflow from Financing Activities	23(c)	295,744	297,016
Increase/(Decrease) in Cash & Cash Equivalents in the period		(508)	(40,780)
Cash and Cash Equivalents at beginning of period		81,900	122,680
Cash and Cash Equivalents at end of period	23(d)	81,392	81,900

The notes on pages 144 to 203 form part of the accounts.

Northern Ireland Housing Executive
Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2020

	SOCNE Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 31 March 2018	1,124,764	829,565	1,954,329
Changes in reserves 2018/19			
Comprehensive Net Expenditure for year	(255,245)	156,422	(98,823)
Grant from Sponsoring Department	297,016	-	297,016
Transfers between reserves	15,623	(15,623)	-
Balance at 31 March 2019	1,182,158	970,364	2,152,522
Changes in reserves 2019/20			
Comprehensive Net Expenditure for year	(390,764)	150,620	(240,144)
Grant from Sponsoring Department	295,744	-	295,744
Transfers between reserves	17,726	(17,726)	-
Balance at 31 March 2020	1,104,864	1,103,258	2,208,122

The notes on pages 144 to 203 form part of the accounts.

Notes to the Accounts

Note 1

Accounting Policies

Introduction

These financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by the Department of Finance. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Housing Executive for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by the Housing Executive are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The accounting policies which have a material impact on the accounts are as follows:

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

The policies which have a material impact on the accounts are as follows:

a) **Accounting Conventions**

- The revenue and capital accounts are maintained on an accruals basis. This means that expenditure and income are recognised in the accounts in the period in which they are incurred or earned, not as money is paid or received.
- Income is matched with associated costs and expenses in so far as their relationship can be established or justifiably assumed.
- Income has only been disclosed in the accounts where there is reasonable certainty, and proper allowances have been made for all foreseeable losses and liabilities.
- Consistent accounting policies have been applied both within the year and between years. Where accounting policies are changed, the reason and effect have been separately disclosed.
- The accounts have been prepared on a going concern basis.
- Where estimating techniques are required to enable the accounting practices adopted to be applied, then the techniques which have been used are, in the Housing Executive's view, appropriate and consistently applied. Where the effect of a change to an estimation technique is material, a description of the change and, if practicable, the effect on the results for the current year is separately

disclosed. Note 2 provides detail of material changes to estimating techniques for the current reporting year. There were none to report for 2019/20.

- The Housing Executive has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts:
 - IFRS 16 Leases replaces IAS 17 leases and is effective with EU adoption from 1 Jan 2019. In line with the requirements of the FReM, IFRS 16 will be implemented as interpreted and adopted by the public sector with effect from 1 April 2021. The Housing Executive considers that this is unlikely to have a significant impact on the accounts in the period of initial application.
 - The IASB issued new and amended standards (IFRS 10, IFRS 11 & IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards were effective with EU adoption from 1 January 2014.

Accounting boundary IFRS are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2022-23, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may have changed as a result of the new Standards.

b) Rents

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

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

c) Insurance

It is the Housing Executive's policy to self insure and expense immediately against Public Liability Claims below £500k for any one incident (limit of indemnity £20m), damage to Housing Stock (with the exception of multi storey flats and hostels) and Professional Indemnity Insurance.

d) Housing Benefit

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

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

Housing Benefit overpayments are accounted for in the Housing Executive's books as a debtor due from the overpaid claimant and a creditor due to the Department

when the debt has been recovered. The Department's books will include as a debtor the amount of Housing Benefit recoverable by the Housing Executive.

e) Intangible Assets

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

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

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

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

Amortisation

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

Computer Software	4-10 years
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f) Property, Plant & Equipment

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

Operational Assets

Housing Stock

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

To determine the open market value, the “Beacon approach” to valuation is adopted for valuing the housing stock. Under the Beacon approach, the Housing Executive’s total housing stock is split into property archetypes, through uniting characteristics material to the valuation. The value of a property archetype is determined by valuing a sample dwelling, representative of the property archetype, and using this value as the average value for the group. Internal inspections of each sample dwelling will be carried out every five years, in line with FReM. A full valuation was carried out by Land & Property Services at 31 March 2019, where valuers carried out an internal inspection of each sample dwelling. The next full valuation is due to be carried out at 31 March 2024.

Between 31 March 2020 and 31 March 2023, the housing stock will be subject to an annual 'desk-top' revaluation by Land & Property Services to reflect changes in stock numbers and market values. The valuation process will be based on the beacon approach adopted in year one of the five year valuation cycle with the revised open market value being adjusted by the adjustment factors. The adjustment factors will be updated in intervening years in accordance with changes to market conditions. This follows the guidance issued by the Department of Communities & Local Government.

To obtain Existing Use Value for Social Housing, the market value for each property archetype is adjusted by a factor which reflects the valuation for the properties if they were to be sold with sitting tenants enjoying tenant’s rights. This method of valuation is carried out using guidance issued by the Department of Communities & Local Government in England titled ‘Stock Valuation for Resource Accounting 2016 : Guidance for Valuers’. The Adjustment Factor measures the difference between private open market rented and socially rented property at a regional level. During 2018/19, the University of Ulster calculated adjustment factors reflecting the private/public sector yield relationship.

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

Land

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

Executive on behalf of the Department recoups the market value of these by deducting from the grant paid to Housing Associations.

Other Property

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

Other assets

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

De minimis rule

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

Non Operational Assets

Redevelopment Expenditure

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

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

Other property

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

g) Depreciation

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

Land	Not depreciated
------	-----------------

Housing Stock (Building element)	50 year life
Other Buildings – Built or Purchased (Building element)	As directed by valuer
Office Premises Adaptations – Leased	Over Lease Period
Plant and Machinery	7 year life
Estate Management Equipment	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	3 – 10 year life

h) Short Term Investments

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

i) Assets held for Sale

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

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

j) Inventories

The valuation of inventory held by the Housing Executive's Direct Labour Organisation is stated at the lower of cost and net realisable value.

Houses purchased under the Special Purchase of Evacuated Dwellings (SPED) Scheme are considered to be current assets as it is anticipated that such houses will

be sold within 12 months of purchase. SPED inventory is valued at the lower of cost and net realisable value.

k) Cash & Cash Equivalents

Cash and Cash equivalents comprise cash on hand and deposits and other short-term liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Interest-bearing fixed term deposits held with financial institutions or other public sector bodies are included as cash equivalents only where they have a short maturity, not exceeding three months (or 94 days) from the settlement date.

l) Financial Instruments

Financial Assets

Financial Assets are classified as subsequently measured at:

- Amortised cost – where the contractual terms give rise to principal and interest payments on specified dates and the assets are held solely to collect these contractual cash flows;
- Fair value through other comprehensive income – where the contractual terms give rise to principal and interest payments on specified dates and the assets are held within a business model involving both selling the assets and collecting contractual cash flows; or
- Fair value through profit or loss – for all other financial assets.

Annual credits to the Statement of Comprehensive Net Expenditure for interest receivable are based on the gross carrying amount of the asset multiplied by the effective rate of interest for the instrument. This results in the amount presented in the Statement of Financial Position as the outstanding principal receivable and interest credited to the Statement of Comprehensive Net Expenditure Account as the amount receivable in the loan agreement.

Investments in money market funds are held at fair value through profit or loss and dividends received from these funds are credited to “Interest Receivable and Similar Income” in the Statement of Comprehensive Net Expenditure. Any gain or loss on an asset measured at fair value through profit or loss is recognised in the Statement of Comprehensive Net Expenditure.

Expected credit losses on financial assets are considered at the year-end date in accordance with IFRS 9. For loans and investments, the loss allowance is equal to 12-month expected credit losses with only default events occurring in the next 12 months being considered, unless credit risk has increased significantly in which case the loss allowance is equal to lifetime expected credit losses. For lease receivables and trade receivables, the loss allowance is always equal to lifetime expected credit losses. No loss allowances are made in respect of balances receivable from central government.

In respect of financial assets held at amortised cost, such as fixed term deposits held with financial institutions, any material impairment loss is accounted for by a charge to the Statement of Comprehensive Net Expenditure and a credit to the loss

allowance within the investment/receivable balance. Financial assets are shown on the balance sheet net of their impairment loss allowances.

Financial Liabilities

Financial liabilities are classified as subsequently measured at amortised cost, unless one of the IFRS 9 exceptions applies.

Annual charges to the Statement of Comprehensive Net Expenditure for Interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

As required by IFRS 7, the fair value of the financial instruments, i.e. the loans inherited from former local authorities and loan advances received from the Department, is disclosed in Note 20.

m) *Government Grants*

Capital and Revenue Grants & Grant In Aid from the Department

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. Further, grant unspent as part of the Supporting People programme, is recoverable from providers, where separate arrangements have not been made to fund other supporting people services.

n) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. The leases the Housing Executive currently holds are all regarded as operating leases and the rentals are charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the lease term.

Housing Executive as a lessee

Finance leases

Finance leases, which transfer to the Housing Executive substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Statement of Comprehensive Net Expenditure.

Operating leases

Operating lease payments are recognised as an expense in the Statement of Comprehensive Net Expenditure on a straight line basis over the lease term.

Housing Executive as a lessor

Finance leases

Where the Housing Executive acts as lessor in a finance lease arrangement, the relevant asset is written out of Property, Plant & Equipment as a disposal.

At the commencement of the lease, an assessment is made against the requirements of IAS 17. In the majority of cases, the carrying amount of the asset in Property, Plant & Equipment is written off to the Statement of Comprehensive Net Expenditure. This is then offset by the net investment in the lease, which results in a gain or loss on disposal. A lease asset is matched in the Statement of Financial Position within Trade & Other Receivables, split between due within and due after more than one year.

At the end of the lease, if the asset is to be sold, the carrying amount of the asset is accounted for in the first instance as a capital addition and thereafter immediately disposed of.

Operating leases

Where the Housing Executive acts as lessor in an operating lease arrangement, rental income from operating leases is accounted for on a straight-line basis over the period of the lease. Lease incentives provided are recognised over the lease term on a straight-line basis.

o) Pensions

The Housing Executive participates in the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) pension scheme for the majority of its employees. The Scheme's professionally qualified actuaries recommend the rates of contribution to be paid. The Housing Executive has accounted for its pension costs arising from the NILGOSC scheme, and for all unfunded discretionary benefits which it has granted, as defined benefit schemes.

NILGOSC pension scheme

For the NILGOSC defined benefit scheme, the Housing Executive has recognised its share of the pension fund assets and liabilities in its Statement of Financial Position as a pension liability, as well as recognising the full cost of providing for future retirement benefits in the Statement of Comprehensive Net Expenditure.

Measurement of Scheme Assets

The pension fund asset is accounted for at fair value.

Measurement of Scheme Liabilities

Pension liabilities are measured on an actuarial basis using the projected unit method. The scheme liabilities at the valuation date relate to:

- i) the benefits for pensioners and deferred pensioners and their dependants, allowing where appropriate for future increases; and
- ii)) the accrued benefits for members in service on the valuation date.

Recognition of Net Pensions Liability

The Housing Executive has recognised a liability in its Statement of Financial Position for the shortfall in value of its share of pensions fund assets and liabilities at the Statement of Financial Position date. This shortfall is recoverable wholly from increases in future contributions made by the Housing Executive to the pension fund.

The movement in the pension liability is analysed across the following components:

- Current Service Cost - represents the increase in the present value of the scheme liabilities expected to arise from employee service in the current period. The current service cost is included in Employee Costs within the Statement of Comprehensive Net Expenditure.
- Interest on Service Cost – this is accounted for in Employee Costs and the Net Interest Cost within the Statement of Comprehensive Net Expenditure.

- Administration Expenses – an allowance for administration expenses and insurance premiums is included in the pension expense as part of the current service cost within the Statement of Comprehensive Net Expenditure.
- Past Service Cost - represents the increase in liabilities arising from decisions made during the year which affect years of service earned in earlier years, such as the award of early retirement with added years of service. The past service cost is included in Employee Costs within the Statement of Comprehensive Net Expenditure.
- Net Interest Cost – reflects the change during the period in the net defined benefit liability/(asset). The Net Interest Cost is included in financing costs within the Statement of Comprehensive Net Expenditure.
- Actuarial Gains and Losses – arise from differences because events have not coincided with the actuarial assumptions made for the last valuation or changes in the actuarial assumptions and due to experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred). Actuarial Gains and Losses are reflected in the Statement of Changes in Taxpayers' Equity.
- Gains and losses on settlements and curtailments – settlements are actions that relieve the employer of the primary responsibility for a pension obligation. A curtailment reduces the expected years of future service or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Gains and losses on settlements and curtailments are included in employee costs within the Statement of Comprehensive Net Expenditure.

Added Years Discretionary Benefits

The Housing Executive recognises the actuarial liability from added years granted in respect of past employees who have retired early. Given projected life spans, this liability will be payable over a number of years. The Housing Executive makes a provision each year based on the projected liability. Payments in respect of individual employees who have retired early are paid annually to NILGOSC and will continue to be paid until these employees cease to be recipients of the scheme.

p) Taxation (including Value Added Tax)

Corporation Tax

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.

q) Provisions

Provisions are recognised when either a legal or constructive obligation, as a result of a past event, exists at the Statement of Financial Position date and where the amount of the obligation can be reasonably estimated.

Provisions not required and written back during the year are disclosed separately in Note 21 with the exception of the provisions for Public Liability Claims, for which this information is not available. The amount disclosed as provided in the year in respect of these items includes the impact of any provisions not required from the prior year-end, since the amount of this impact cannot be readily ascertained in order to be disclosed separately.

r) Contingent Liabilities

A contingent liability is disclosed in Note 24 if an obligation cannot be accurately estimated or if an outflow of economic benefit to settle the obligation is more than remote.

Remote contingent liabilities, as required under Managing Public Money Northern Ireland if applicable, are disclosed in the Assembly Accountability Report.

It is the Housing Executive's policy to challenge all public liability claims made against the organisation.

Payments in respect of settled claims are included in the Statement of Comprehensive Net Expenditure in the year in which they are made and a note of the possible liability is included in the supporting notes to the accounts.

s) Related Party Transactions

Details of transactions and outstanding balances at the year-end between the Housing Executive and related parties are disclosed in Note 26 in accordance with IAS 24.

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

A related party is a person or entity that is related to the Housing Executive. The following are classed as related parties for the Housing Executive:

- (a) A Director or Board Member (or a close member of that person's family);
- (b) An entity if any of the following conditions applies:
 - (i) The entity and the Housing Executive are members of the same group i.e. other Government body;
 - (ii) The entity is controlled or jointly controlled by a person identified in (a).

t) Estimation Techniques

The Housing Executive makes estimates and assumptions concerning the future, which by definition, will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the

carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) Provisions

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation. Please see Note 21 for further details of the carrying amounts.

(2) Pension Liability

An asset or liability in respect of the NILGOSC scheme is recognized on the Statement of Financial Position in accordance with the accounting policy o). The present value of a defined benefit obligation is dependent upon a number of factors that are determined on an actuarial basis. The Housing Executive determines the appropriate discount rate to be used at the end of each year. Please see Note 22 for further details of the carrying amounts.

(3) Assessing the need for and measurement of impairment losses

Impairment losses on receivables, particularly Housing Benefit receivable and Tenant Arrears, is dependent upon NIHE deriving the best estimate of probable losses inherent in the portfolio. Such estimate requires consideration of historical loss experience, adjusted for current conditions, and judgments about the probable effects of relevant observable data. Please see Note 15 for further details of the impairment losses.

(4) Useful lives of Property, Plant and Equipment and Intangible assets

The estimation technique employed in determining the useful lives of Intangible assets and Property, Plant and Equipment is enclosed in accounting policy f) and g) respectively. Please see Note 10 for further details of the carrying amounts.

(5) Valuation of Housing Stock

The estimation technique employed in selection of the beacon property and calculation of the adjustment factor is carried out using Guidance issued by the Department of Communities & Local Government in Great Britain titled 'Stock Valuation for Resource Accounting 2010 : Guidance for Valuers'. More information is enclosed in accounting policy f). Please see note 10 for further details of the carrying amount.

(6) Accruals and Prepayments for Social Housing Development Programme

Grants are paid by the Housing Executive to Housing Associations to fund social housing development schemes. A model has been developed to allow the Housing Executive to recognise the cost of these grants in line with the average pattern in which the Housing Associations incur the expenditure being covered by the funding. The objective is that the Housing Executive recognises the grant costs only to the extent that the development being funded has been completed. At the year-end, a prepayment or accrual is recognised for every scheme where the grant funding paid to the Housing Association either

exceeds or falls short of the development costs incurred. However, the model used to estimate the development costs incurred at year-end is based on average expenditure patterns from historical experience and applies judgments to provide a reasonable approximation of expenditure across all the schemes.

u) *Apportionment Methodology – used for annex*

Accommodation and Support Service Department costs borne by the Housing Executive are apportioned to Landlord Services and Regional Services in order to establish the full cost of service delivery for each entity. Costs are apportioned as follows:

- Accommodation – apportioned on the basis of building utilisation
- IT Programme Costs – based on system specific utilisation where identifiable, otherwise apportioned on basis of Full Time Equivalent (FTE)
- All other Support Service functions – apportioned on the basis of FTE

The same basis as described above is used to apportion support service department costs within Trade and Other Receivables and Trade and Other Payables in the Statement of Financial Position.

v) *Commissioned Services*

Commissioned Services are those services that Landlord Services delivers on behalf of Regional Services, and vice-versa. The quantum of staffing resources applied to the delivery of Commissioned Services was confirmed by various local managers across the organisation using staff activity templates. In each instance the full cost of a Commissioned Service is quantified and a charge levied to reflect the full cost of service delivery.

Commissioned Services delivered by Landlord Services on behalf of Regional Services are:

- Homelessness and Waiting List Management
- Housing Benefit
- Travellers
- Corporate Procurement
- Together Building United Communities programme
- Transformation

Commissioned Services delivered by Regional Services on behalf of Landlord Services are:

- House / Land Sales
- Research
- Adaptations
- Equality
- Land & Housing Analytics
- Sustainable Development

Note 2

Changes in Accounting Policy / Estimate

There were no material changes in accounting policies or accounting estimates which require separate disclosure in the accounts.

Notes to the Accounts

Note

3(a) Analysis of Net Expenditure by Segment

IFRS 8, 'Operating Segments', requires disclosure of financial information about an organisation's reportable segments, based on the format and structure of internal reporting arrangements as evaluated regularly by the 'Chief Operating Decision Maker.' IFRS 8 defines an operating segment as a component of an entity that engages in business activities from which it may earn revenues and incur expenses and whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The 'Chief Operating Decision Maker' for the Housing Executive is deemed to be the Board as it has the authority and responsibility for directing the major activities of the Housing Executive at a corporate level during the year. In particular, the Housing Executive Board approves the annual budget and scrutinises financial performance against this on an ongoing basis.

The Housing Executive's objectives and programmes reflect its role as the regional strategic housing authority for Northern Ireland. It is fully committed to working with others to ensure everyone has access to a decent affordable home in a safe and healthy community. The Housing Executive aim to achieve this through the following objectives:

- Delivering the Decent Homes Standard;
- Promoting independent living;
- Urban and rural regeneration;
- Promoting affordable housing;
- Building a stronger community;
- Better public services.

The Board of the Housing Executive determines a comprehensive set of objectives and targets to ensure it meets its responsibilities across this wide range of programmes and services. This Board approved framework is then used to allocate resources, monitor performance (both financial and non-financial) and thereby control the activities of the organisation at corporate level.

A directive to reclassify the Housing Executive between Landlord Services (Quasi Public Body) and Regional Services (N.D.P.B), became operational from 1 April 2014. Prior to 1 April 2014, the Housing Executive was classified as a Public Corporation. As a result, from this date, there are separate budgetary control and reporting requirements for Landlord Services and Regional Services, with the Board monitoring performance for each of these services individually. Regional Services also meet additional budgetary requirements for both 'DEL non-cash' and 'AME (Annually Managed Expenditure - non voted)' budgets.

Notes to the Accounts

Note

3(a) Analysis of Net Expenditure by Segment (continued)

Operating segments are therefore readily identified for both Landlord Services and Regional Services using the performance and resource framework already established by the Board and provide compliance with the reporting requirements of International Financial Reporting Standard (IFRS) 8. The following operating segments have been identified for the Housing Executive:

Landlord Services

- **Loan Charges** - this relates to the principal and interest loan repayments in connection with loans raised by the Housing Executive or transferred to the Housing Executive upon its creation.
- **Dwelling Related Costs** - this relates to capital improvements (primarily Disability Adaptation extensions and Decent Homes improvements such as replacement kitchens), revenue maintenance & upkeep of the Housing Executive's housing units and associated grounds maintenance costs.
- **Miscellaneous Expenditure** - the majority of costs reported in this category relates to payment of rates for housing stock. Other expenditure areas included are public liability claims, write-offs and special payments, expenditure incurred for the upkeep of hostels and contributions to outside agencies.
- **Employee and Administration Expenses** - this includes salary costs, travel & subsistence, Office expenses and IT programme costs for Landlord Services.
- **Commissioned Services Net Income** - this represents charging for services performed by Landlord Services on behalf of Regional Services and vice versa (see accounting policy note (w) for more detail).
- **Corporation Tax** - relates to Corporation Tax charged on tradable activities.
- **Rental & Miscellaneous Income** - includes all Rental Income on the Housing Executive's homes, commercial property, hostels and land.
- **Capital Receipts** - relates to proceeds received from sale of housing stock and land.
- **Other** - the 'other' category is comprised of capital expenditure on IT and Office Accommodation and expenditure relating to the purchase of land and vested housing stock. For income it relates mainly to rates income collected.

Notes to the Accounts

Note

3(a) Analysis of Net Expenditure by Segment (continued)

Regional Services

- **Supporting People** - Regional Services manages this Government Scheme which is aimed at providing housing based assistance to allow eligible individuals to obtain the benefits of independent living;
- **Employee and Administration Expenses** - this includes salary costs, travel & subsistence, Office expenses and IT programme costs for Regional Services.
- **Commissioned Services Net Expenditure** - this represents charging for services performed by Landlord Services on behalf of Regional Services and vice versa (see accounting policy note (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.
- **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	2020			2019		
		Capital £'000	Revenue £'000	Net Expenditure £'000	Capital £'000	Revenue £'000	Net Expenditure £'000
Landlord Services							
Total Net expenditure reported for Operating Segments:							
Loan Charges		-	50,645	50,645	-	58,825	58,825
Dwelling Related Costs		21,595	134,601	156,197	34,359	143,334	177,693
Misc. Expenditure		-	49,699	49,699	-	48,942	48,942
Employee and Admin Expenses		-	88,943	88,943	-	86,533	86,533
Commissioned Services Net Income		-	(8,235)	(8,235)	-	(8,432)	(8,432)
Corporation Tax		-	8,861	8,861	-	4,643	4,643
Other		2,023	-	2,023	1,778	-	1,778
		23,618	324,514	348,133	36,137	333,845	369,982
Less Rental & Miscellaneous income		-	(345,676)	(345,676)	-	(343,209)	(343,209)
Less Capital Receipts		(22,003)		(22,003)	(21,329)		(21,329)
Total Expenditure		1,615	(21,162)	(19,547)	14,808	(9,364)	5,444
Regional Services							
Total Net expenditure reported for Operating Segments:							
Supporting People		-	73,279	73,279	-	71,863	71,863
Employee and Admin Expenses		-	31,392	31,392	-	36,886	36,886
Commissioned Serv Net Expenditure		-	8,235	8,235	-	8,432	8,432
Private Sector Grants, & Energy Efficiency		29,689	-	29,689	30,914	-	30,914
Misc. Public / Private Programme		-	18,026	18,026	-	18,190	18,190
Social Housing Development Programme		115,054	-	115,054	121,601	-	121,601
Other		1,082	6,375	7,457	1,673	4,415	6,088
		145,825	137,307	283,131	154,188	139,786	293,974
Less Rental & Miscellaneous income		(942)	(3,201)	(4,143)	(990)	(6,896)	(7,886)
Total Expenditure		144,882	134,106	278,988	153,198	132,890	286,088

Included in reportable segments above are:

- 1) 'Other' segment within Regional Services (Revenue) - £225k relating to impairment of non-operational property as disclosed in Note 10 (b).
- 2) 'Loan Charges' segment within Landlord Services (Revenue) - £19m relating to interest payable on loans outstanding from the Government Loans Fund and Former Local Authorities.

Notes to the Accounts

Note

3(b) Analysis of Net Expenditure by Segment (continued)

<u>Reconciliation to Statutory Accounts</u>	2020 £'000	2019 £'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	(19,547)	5,444
Regional Services	278,988	286,088
	<u>259,441</u>	<u>291,532</u>
<u>Adjustments in the Budgeted Outturn and not in the Statement of Comprehensive Net Expenditure:</u>		
Redevelopment Land Additions	(302)	(72)
Operational Assets Additions	(13,239)	(16,629)
Receipts (net of expenses) for Sale of Land & Property	22,003	21,441
Loans Principal Repayments	(32,363)	(37,612)
	<u>(23,901)</u>	<u>(32,872)</u>
<u>Adjustments in the Statement of Comprehensive Net Expenditure and not through Budgeted Outturn for Landlord Services:</u>		
Depreciation, Amortisation, Write Offs & Write Down	30,861	32,476
Provisions for Liabilities and Charges movement	984	171
IAS 19 Pension Adjustment - Landlord Services	16,857	10,222
Other adjustments	539	574
	<u>49,241</u>	<u>43,443</u>
Total net expenditure per the Statement of Comprehensive Net Expenditure	<u><u>284,781</u></u>	<u><u>302,103</u></u>

Notes to the Accounts

Note

4 Income

The Housing Executive's core business activity is the provision of a public sector housing service and the rental income from this service is a principal source of income.

	2020 £'000	2019 £'000
Rental Income		
Dwellings & Garages	297,980	298,348
Redevelopment	-	-
Commercial Properties	2,261	2,234
Lands	32	(31)
Travellers, Hostels and Req. Properties	672	613
Miscellaneous	191	207
	<u>301,136</u>	<u>301,371</u>
Less: Abatements		
Dwellings & Garages	(874)	(821)
Commercial Properties	(171)	(187)
	<u>(1,045)</u>	<u>(1,008)</u>
Less: Voids		
Dwellings & Garages	(2,900)	(3,390)
Redevelopment	(1)	(1)
Commercial Properties	(207)	(164)
Hostels	(80)	(245)
Traveller Sites	(40)	(36)
	<u>(3,228)</u>	<u>(3,836)</u>
Total Rental Income (C/Fwd)	<u><u>296,863</u></u>	<u><u>296,527</u></u>

Notes to the Accounts

Note	2020 £'000	2019 £'000
4 Income (Continued)		
Total Rental Income (B/Fwd)	296,863	296,527
EU Income	963	404
Other Operating Income		
Income from Housing Associations	4	(143)
Revenue grants	88	129
Capital Grant	151	384
Rates Income from properties	26 40,232	38,733
Income from Land & Property Services:		
Rates Collection	26 4,425	4,287
Rates Relief Income	26 2,435	2,733
Lone Pensioner Allowance	26 179	170
Legal Expenses Recovered	308	288
Other Recoverable Charges	366	249
Ground Rents Receivable	20	20
HMO Multiple Occupancy		
- Registration Fees	-	510
Group Repairs Income	-	3
SPED Income	954	1,006
Income from Hostels	1,050	978
Income for Asylum Seekers	1,665	4,836
Income from sold flats	1,646	1,266
Income from Service Enhancement Fund	-	-
Income recoverable on maintenance contracts	434	405
Income from insurance claims	(1)	46
Income recovered from investigations	-	158
Miscellaneous Income	39	35
	53,995	56,093
Total Income (excluding Housing Benefit Income)	351,821	353,024

Notes to the Accounts

Note	2020				2019
	Permanent Staff £'000	Others £'000	Board Members £'000	Total £'000	Total £'000
5 Staff costs					
Staff costs comprise					
Wages and Salaries	75,064	-	86	75,150	73,609
Social Security Costs	7,475	-	5	7,480	7,142
Seconded-in Staff	-	210	-	210	214
Agency Costs	-	12,545	-	12,545	12,909
Total Staff costs excluding Pension Costs	82,539	12,755	91	95,385	93,874
Other Pension Costs				36,112	25,390
				131,497	119,264
Less staff costs capitalised - IT Software				-	(88)
				131,497	119,176

Social security costs include £365k (2018/19: £349k) of apprenticeship levy costs Housing Executive.

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

	2020 £'000	2019 £'000
Wages and Salaries	111	140
Social Security Costs	12	15
Other Pension Costs	22	26
	145	180

Further details on the staff costs can be found in the Staff Report within the Remuneration and Staff Report.

Notes to the Accounts

Note	Note	2020 £'000	2019 £'000
6	Other Expenditure		
	Direct Employees Costs	920	973
	Transport Related Costs	2,268	2,330
	Premises Related Costs (a)	8,894	10,148
	Supplies, Services, Write - Offs & Other Costs	21,390	23,549
	External Audit		
	Auditor's Remuneration	165	165
	Other Services (b)	-	12
	Bank Charges	317	308
	Dwelling Related Costs (c)	146,347	164,845
	Public Sector Expenditure	1,935	938
	Rates Relief Expenditure	2,435	2,733
	Lone Pensioner Allowance (LPA)	179	170
	Private Sector Expenditure (d)	18,189	18,313
	Private Sector Grants (e)	30,378	31,831
	Rates paid on properties	39,798	38,683
	Supporting People	73,279	71,617
	Public Liability Charges	2,737	1,643
	Social Housing Development Programme (f)	115,054	121,601
	Impairment (g)	225	253
	Restructuring Costs	(80)	2,346
		464,430	492,458
	Less:		
	Recharges - salaries & overheads of Housing Executive staff providing professional services in the delivery of its core business. (h)	(18,906)	(17,661)
		445,524	474,797

Notes to the Accounts

Note

6 Other Expenditure (Continued)

- (a) Premises related costs includes £2,044k lease charges for the rental of properties occupied by the Housing Executive during 2019/20.
- (b) There were no other services provided by External Audit during 2019/20. For 2018/19 there was a cost for additional services of £12k 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 2019/20, £94.3m was spent on a planned maintenance programme and £52.0m was spent on response maintenance.

(d) Private Sector Expenditure is analysed as follows:

	£
Special Purchase of Evacuated Dwellings (SPED)	1,294
Allowance for gain in Fair Value on SPED	(199)
Homelessness	13,433
Asylum Seekers	1,424
Other	2,237
	<hr/>
	18,189
	<hr/> <hr/>

SPED costs include £340k which relate to loss on sale of SPED stock sold during the 2019/20 year.

- (e) This includes Affordable Warmth Grants of £12,909k, Disabled Facilities Grants of £10,813k, Boiler Replacement Grants of £1,425k, Other Grants of £4,222k and Group Repairs of £1,009k. 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	96,725
Advance Land Purchase Grant	3,054
Voluntary Purchase Grant	1,798
Small Adaptations Grant	3,085
Shared Housing Incentives	1,875
Shared Housing	8,517
Recoupment of SHDP grant	(110)
Grant recouped & paid to Department	<u>110</u>
	<u><u>115,054</u></u>

A further £8k (2018/19: £91k) was recouped from Housing Associations which has not been repaid to the Department. This has been offset against 2019/20 Social Housing Development Programme expenditure.

- (g) Impairment relates to the write down of Assets.
(See Note 10(b)).
- (h) Recharges include salaries and overhead costs for the following functions:

	£'000
Direct Labour Organisation	(16,769)
Rates Relief & Lone Pensioner Allowance	(754)
Other Programme Cost delivery	<u>(1,383)</u>
	<u><u>(18,906)</u></u>

- (i) Provision for liabilities and charges movements are included in the following lines:

	£'000
Public Liability Charges	(2,524)
Dwelling Related Costs	(32)
Rental Income	(221)
Public Liability Charges	<u>(189)</u>
	<u><u>(2,966)</u></u>

Notes to the Accounts

Note

7 Housing Benefit Expenditure

Under the Social Security Administration (NI) Act 1992, the Housing Executive has responsibility for administering Housing Benefit on behalf of the Department. The accounts of the Housing Executive include overpayments of Housing Benefit, shown as a debtor due from the overpaid claimant, and a creditor due to the Department upon recovery by the Housing Executive. Such overpayments are also accounted for in the Department's accounts.

Housing Benefit payments in the year are as follows:

	2020 £'000	2019 £'000
Housing Benefit - Public & Private	563,737	621,130
Housing Benefit - Overpayment recoveries	(14,001)	(15,474)
Net Funding from the Department	549,736	605,656
Transfer of Housing Benefit overpayment movement to overpayment debtor account	(825)	(4,983)
Increase in HB Overpayment Provision	1,136	4,846
Total Housing Benefit Costs / Income	550,047	605,519

8 Financing Charges

	2020 £'000	2019 £'000
Loan Interest Charges	18,282	21,213
	<u>18,282</u>	<u>21,213</u>

Notes to the Accounts

Note	2020 £'000	2019 £'000
9 Taxation		
(a) Taxation charge in the year		
Analysis of charge in the year (estimate)		
Current tax:		
UK Corporation tax on taxable income for the current year	9,344	5,961
Adjustments to the tax charge in respect of previous periods	(415)	(1,286)
Interest & penalties	(31)	-
	8,898	4,675

Tradable activities, which are subject to Corporation Tax, include Rental Income, Disposal of Capital Assets and Interest Receivable.

(b) Factors affecting the tax charge

	2020 £'000	2019 £'000
Interest Receivable - current year	1,255	1,133
Chargeable / Net Rental Income	47,924	30,072
Chargeable Gains	-	-
	49,179	31,205
Net Rental Income & Interest Receivable multiplied by the effective rate of Corporation Tax in the UK for the current year of approx. 19% (2019: 19%)	9,344	5,961
Adjustments to the tax charge in respect of previous periods	(415)	(1,286)
Interest & penalties	(31)	-
Current tax charge	8,898	4,675

A Corporation Tax charge of £8.9 million has been recognised in the accounts (see note 9a above for calculation). There is also an overpayment of Corporation Tax paid at the year end of £6.88 million (see note 14). The Housing Executive does not have Crown exemption status in relation to Corporation Tax.

(c) Deferred tax

No provision for deferred tax has been made as at 31 March 2020 and for previous financial years.

Notes to the Accounts

Note

10 (a) Property, Plant & Equipment

Operational

Cost or Valuation

At 31 March 2019

	Housing Stock £'000	Land £'000	Commercial Property £'000	Office Premises £'000	Hostels £'000	Travellers Sites £'000	Other Assets £'000	Total £'000
	2,347,319	45,598	16,848	32,805	16,382	3,507	15,213	2,477,672
Additions	10,513	7	351	1,160			623	12,654
Reclassification Uplift		555						555
Disposals	(10,813)	(1,610)					(2,613)	(15,036)
Demolitions								-
Write off Adapt to Leased Offices				(60)				(60)
Transfer from Housing Stock	(218)	45			173			-
Transfer to Housing Stock	41		(41)					-
Transfer from Non-Operational Assets		5						5
Transfer to Non-Operational Assets								-
Transfer to Land from Commercial Property								-
Transfer to Non Current Assets Held for Sale	(726)	(294)						(1,020)
Transfer from Non Current Asset Held for Sale	638							638
Impairment		10						10
Write down in valuation	(169)	106					(88)	(151)
Revaluation Adjustments	94,311	5,209	955	7,040	(582)	(314)	25	106,644
At 31 March 2020	2,440,896	49,631	18,113	40,945	15,973	3,193	13,160	2,581,911

Notes to the Accounts

Note

10 (a) Property, Plant & Equipment (continued) Operational (Continued)

	Housing Stock £'000	Land £'000	Commercial Property £'000	Office Premises £'000	Hostels £'000	Travellers Sites £'000	Other Assets £'000	Total £'000
Depreciation								
At 31 March 2019			(1,816)	(3,327)	(1,821)	(395)	(11,235)	(18,594)
Charged in year	(34,122)		(496)	(819)	(458)	(100)	(1,014)	(37,009)
Written back on Revaluation	34,129		2,305	4,146	2,279	495	26	43,380
Backlog Depreciation	-						(10)	(10)
Disposals							2,611	2,611
Depreciation on transfer to Housing Stock	(7)		7					-
Depreciation on transfer to Non Operational Assets								-
Written back on Impairment								-
At 31 March 2020	-	-	-	-	-	-	(9,622)	(9,622)
Carrying amount at 31 March 2019	2,347,319	45,598	15,032	29,478	14,561	3,112	3,978	2,459,078
Carrying amount at 31 March 2020	2,440,896	49,631	18,113	40,945	15,973	3,193	3,538	2,572,289
Asset financing:								
Owned	2,440,896	49,631	18,113	40,945	15,973	3,193	3,538	2,572,289
Finance Leased	-	-	-	-	-	-	-	-
Carrying amount at 31 March 2020	2,440,896	49,631	18,113	40,945	15,973	3,193	3,538	2,572,289

Notes to the Accounts

Note

10 (a) Property, Plant & Equipment

Operational	Housing Stock £'000	Land £'000	Commercial Property £'000	Office Premises £'000	Hostels £'000	Travellers Sites £'000	Other Assets £'000	Total £'000
Cost or Valuation								
At 31 March 2018	2,231,486	38,839	16,553	32,503	16,283	3,837	28,094	2,367,595
Additions	14,129	2	155	394			1,588	16,268
Reclassification Uplift		1,589	140					1,729
Disposals	(9,152)	(1,259)					(14,451)	(24,862)
Demolitions	(59)							(59)
Write off Adapt to Leased Offices				(67)				(67)
Transfer from Housing Stock	(104)						104	-
Transfer to Housing Stock								-
Transfer from Non-Operational Assets								-
Transfer to Non-Operational Assets				(25)	(325)	(170)		(520)
Transfer to Land from Commercial Property								-
Transfer to Non Current Assets Held for Sale	(3,919)	(100)						(4,019)
Transfer from Non Current Assets Held for Sale								-
Impairment						(71)	(241)	(312)
Write down in valuation		95						95
Revaluation Adjustments	114,938	6,432			424	(89)	119	121,824
At 31 March 2019	2,347,319	45,598	16,848	32,805	16,382	3,507	15,213	2,477,672

Notes to the Accounts

Note

10 (a) Property, Plant & Equipment (continued) Operational (Continued)

	Housing Stock £'000	Land £'000	Commercial Property £'000	Office Premises £'000	Hostels £'000	Travellers Sites £'000	Other Assets £'000	Total £'000
Depreciation								
At 31 March 2018	-	-	(1,362)	(2,499)	(1,364)	(298)	(23,923)	(29,446)
Charged in year	(32,844)		(454)	(831)	(455)	(108)	(1,062)	(35,754)
Written back on Revaluation	32,844					19		32,863
Backlog Depreciation					(38)	(8)	(59)	(105)
Disposals							13,679	13,679
Depreciation on transfer to Housing Stock								0
Depreciation on transfer to Non Operational Assets				3	36			39
Written back on impairment							130	130
At 31 March 2019	-	-	(1,816)	(3,327)	(1,821)	(395)	(11,235)	(18,594)
Carrying amount at 31 March 2018	2,231,486	38,839	15,191	30,004	14,919	3,539	4,171	2,338,149
Carrying amount at 31 March 2019	2,347,319	45,598	15,032	29,478	14,561	3,112	3,978	2,459,078
Asset financing:								
Owned	2,347,319	45,598	15,032	29,478	14,561	3,112	3,978	2,459,078
Finance Leased								
Carrying amount at 31 March 2019	2,347,319	45,598	15,032	29,478	14,561	3,112	3,978	2,459,078

Notes to the Accounts

Note

10 (a) Property, Plant & Equipment (continued)

Valuation Methodology

Housing Stock

Operational Housing Stock has been valued on the basis of Open Market Value for Existing Use (Existing Use Value for Social Housing), in accordance with guidance issued by the Department of Communities & Local Government in England titled 'Stock valuation for resource accounting 2016: guidance for valuers'. Land and Other Buildings includes Land, Commercial Properties, Offices, Hostels and Travellers' Sites.

Details of the valuation methodology, using the beacon approach can be found in accounting policy (g)

Land

Land was revalued at 31 March 2020 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 £0.6m on the basis that the sites may have development potential. Land classified as amenity land has no value and is reflected within the social house values.

Other Buildings

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.

At 31 March 2020, Offices, Commercial Properties, Travellers' Sites and Hostels were revalued and relifed by professional valuers of Land and Property Services (previously valued and relifed at 31 March 2015).

Offices and Commercial Properties were revalued at 31 March 2020 at open market value based on Existing Use. Hostels and Travellers' Sites were revalued at 31 March 2020 using Depreciated Replacement Cost as they are considered specialised assets.

Notes to the Accounts

Note

10 (a) Property, Plant & Equipment (continued)

Valuation Methodology

Other Buildings continued

The building element of all of the above properties has been depreciated over the remaining useful life as directed by the valuer as part of the valuation exercise carried out at 31 March 2020.

Included within the Net Book Value of Offices is £94k for adaptations relating to Offices rented on short leases. Adaptations are written off over the life of the leases.

Valuation uncertainty

As detailed in the Performance Report, a novel strain of coronavirus was detected and spread rapidly in November 2019, leading the World Health Organisation to declare a pandemic on 11 March 2020. The ongoing disruption caused by the pandemic has created significant economic uncertainty, which commenced just before the financial year end. As a result and due to market activity being impacted in many sectors, the valuers note the valuations provided as at 31 March 2020 for all Property assets (including all land, buildings and sites) are reported on the basis of 'material valuation uncertainty' as per the RICS Global Standards. This uncertainty is due to no evidence of transactions taking place to assess how property markets are reacting over this period and what the full impact on local, national & global economies & property markets will be in the future. The valuers are however confident of the valuation figures produced as at 31 March 20 based on the research & analysis undertaken and the market evidence available. Due to the level of uncertainty for property markets and the potential for market volatility, NIHE will review the evidence available to consider if a full revaluation of property assets should be carried out more frequently than five years.

Notes to the Accounts

Note

10 (a) Property, Plant & Equipment (continued)

Other Assets

Other Assets includes Motor Vehicles, Plant and Machinery, Estate Management Equipment, Furniture, Equipment & Fittings and Computer Equipment which have been revalued by reference to appropriate Treasury approved indices.

Asset Net Book Value (NBV)	At 31 March 2020 £'000	At 31 March 2019 £'000
Motor Vehicles	1,624	1,614
Plant and Machinery	77	107
Estate Management Equipment	120	170
Office Furniture	536	642
Office Equipment	2	3
Hostels Furniture & Fittings	-	-
Computer Hardware	985	1,173
Community Centre	194	269
	<u>3,538</u>	<u>3,978</u>

Depreciation, Amortisation, Write Offs and Write downs charged to the Statement of Comprehensive Net Expenditure consisted of the following:

	At 31 March 2020 £'000	At 31 March 2019 £'000
Depreciation adj for Backlog Depreciation	37,017	35,860
Amortisation - IT Software	501	621
Revaluation Adjustments - Housing Stock	169	-
Revaluation Adjustments - Other Assets	62	-
Revaluation Adjustments - Land	(107)	(95)
Writeback / writedown in Assets Held for Sale	(29)	285
Losses on Sale of Surplus Land	322	112
(Profit)/Loss on Sale of Land held for sale	(160)	-
(Profit)/Loss on Sale of Housing Stock	(6,286)	(5,836)
(Profit)/Loss on Sale of Housing Stock HFS	(1,788)	-
(Profit)/Loss on Sale of Other Assets	(16)	1,018
Losses on Demolished Property	-	59
Write off Adaptations to Leased Offices	60	68
Loss on Disposal - Housing Association	1,215	485
Loss on Disposal - Community Asset Transfer	-	15
	<u>30,960</u>	<u>32,592</u>

Notes to the Accounts

Note

10(b) Property, Plant & Equipment

Non Operational Assets

	Redevelopment Land £'000	Commercial Properties £'000	Offices £'000	Travellers Sites £'000	Hostels £'000	Total £'000
At 31 March 2018	-	5	270	12	-	287
Expenditure in year	72	-	-	-	-	72
Transfer of Property (to)/from Operational Assets	-	-	22	170	289	481
Transfer to Assets Held for Sale	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Revaluation Adjustment	-	-	43	2	(69)	(24)
Revaluation - SOCNE	-	-	-	-	-	-
Impairment	(72)	-	-	-	-	(72)
At 31 March 2019	-	5	335	184	220	744
Expenditure in year	302	-	-	-	-	302
Transfer of Property (to)/from Operational Assets	-	240	(245)	-	-	(5)
Transfer to Assets Held for Sale]	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Revaluation Adjustment	-	-	-	36	-	36
Revaluation - SOCNE	-	-	-	-	-	-
Impairment	(225)	-	-	-	-	(225)
At 31 March 2020	77	245	90	220	220	852

Non Operational Assets comprises Redevelopment Land, Commercial Properties, Offices and Travellers Sites.

£213k of the impairment write down in Redevelopment land relates to properties purchased to facilitate a Building Sustainable Communities Scheme. Four properties were purchased during 2019/20 and the brownfield site was valued at market value at 31 March 2020 by professional valuers in Land and Property Services. The remaining £12k of the impairment write down in the value of Redevelopment Land results from residual land acquisition and development costs for land previously vested, which has previously been transferred to operational land for ongoing transfer to Housing Association. The remaining few residual Redevelopment Land sites were converted to brownfield sites and transferred to operational land prior to 2019/20. These sites, previously transferred, were then usually transferred to Housing Associations at nil value. This transfer is accounted for as a Loss on Disposal to Housing Associations and is included in Deprecation, Amortisation, Write-offs and Write-downs in note 10(a).

The Housing Executive, on behalf of the Department, recoups the market value of the redevelopment sites vested by deducting this value off the Social Housing Development Grant paid to Housing Associations.

Commercial Properties, included within Non-Operational Assets, reflect buildings which are due to be demolished. Offices and Travellers Sites reflect buildings and land sites which are currently not in use by the Housing Executive.

Notes to the Accounts

Note

10 (c) Intangible Assets	IT Software £'000
Cost or valuation	
At 1 April 2019	11,441
Additions	586
Reclassification Uplift	
Disposals	(2,854)
Revaluation Adjustments	31
At 31 March 2020	<u>9,204</u>
Amortisation	
At 1 April 2019	(9,733)
Charged in year	(486)
Backlog Amortisation	(14)
Disposals	2,833
At 31 March 2020	<u>(7,400)</u>
Carrying amount at 31 March 2019	<u>1,708</u>
Carrying amount at 31 March 2020	<u>1,804</u>
Asset Financing:	
Owned	1,804
Carrying amount at 31 March 2020	<u>1,804</u>
Cost or valuation	
At 1 April 2018	14,877
Additions	738
Reclassification Uplift	-
Disposals	(4,204)
Revaluation Adjustments	30
At 31 March 2019	<u>11,441</u>
Amortisation	
At 1 April 2018	(13,025)
Charged in year	(601)
Backlog Amortisation	(20)
Disposals	3,913
At 31 March 2019	<u>(9,733)</u>
Carrying amount at 31 March 2018	<u>1,852</u>
Carrying amount at 31 March 2019	<u>1,708</u>
Asset Financing:	
Owned	1,708
Carrying amount at 31 March 2019	<u>1,708</u>

Notes to the Accounts

Note

	2020 £'000	2019 £'000
11 Short Term Investments		
Fixed Term Deposits (greater than 3 months)	53,000	46,009
	<u>53,000</u>	<u>46,009</u>

12 Assets classified as held for sale

	Land £'000	Housing Stock £'000	Office Premises £'000	Total £'000
At 1 April 2019	510	3,369	-	3,879
Transfer from Operational Assets	294	726	-	1,020
Transfer to Operational Assets	(10)	(638)	-	(648)
Transfer from Non-operational Assets	-	-	-	-
Disposals	(115)	(2,730)	-	(2,845)
Revaluation Increase	29	-	-	29
At 31 March 2020	<u>708</u>	<u>727</u>	<u>-</u>	<u>1,435</u>

IFRS 5 details that non-current assets classified as held for sale must be disclosed separately from other assets in the Statement of Financial Position.

£0.71m 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 increase of £29k, representing the reversal of a decrease in value of certain land sites classified as Land Held for Sale in previous years, is accounted for in the Statement of Comprehensive Net Expenditure.

£0.73m of Housing Stock which has been reclassified as held for sale is based on sales completed in April and estimated sales in May and June 2020.

	2020 £'000	2019 £'000
13 Inventories		
Consumable Stores	996	1,184
SPED (Net of the Allowances at Note 15)	480	1,262
Total	<u>1,476</u>	<u>2,446</u>

Notes to the Accounts

Note

	2020 £'000	2019 £'000
14 Trade and Other Receivables		
Amounts falling due within one year:		
Trade Receivables (Net of the Allowances at Note 15)	21,658	25,382
Other receivables	56	99
Corporation Tax	6,882	3,780
VAT	3,145	7,139
Prepayments and accrued income	24,850	18,169
	<u>56,591</u>	<u>54,569</u>
Amounts falling due after more than one year:		
Trade Receivables (Net of the Allowances at Note 15)	18,301	17,811
Prepayments and accrued income	-	320
	<u>18,301</u>	<u>18,131</u>
Total	<u>74,892</u>	<u>72,700</u>

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 2018	7,762	20,021	852	231	28,866
Movement in allowance in year	552	4,121	620	33	5,326
Movement in long term debt discount	24	726	(6)	-	744
At 31 March 2019	8,338	24,868	1,466	264	34,936
Movement in allowance in year	556	934	42	(199)	1,333
Movement in long term debt discount	18	202	-	-	220
At 31 March 2020	<u>8,912</u>	<u>26,004</u>	<u>1,508</u>	<u>65</u>	<u>36,489</u>

IAS 39 Financial Instruments: Recognition and Measurement requires long term debtors to be measured at amortised cost. This involves a review of debtors for impairment, forecasting the cash flows expected from the recoverable debts and discounting the cashflows to present day value using a discount rate of 3.7%.

Notes to the Accounts

Note

16 Cash & Cash Equivalents

	2020	2019
	£'000	£'000
Balance at 1 April	97,021	129,520
Net Change in Cash & Cash Equivalent Balances	14,686	(32,499)
Balance at 31 March	<u>111,707</u>	<u>97,021</u>

The following balances at 31 March were held at:

	2020	2019
	£'000	£'000
Commercial Banks and Cash in Hand	217	7
Investments in Money Market Funds	43,990	16,414
Short Term Deposits (less than 3 months)	67,500	80,600
Balance at 31 March	<u>111,707</u>	<u>97,021</u>

17 Trade and Other Payables

	2020	2019
	£'000	£'000
Amounts falling due within one year:		
Bank Overdraft	(30,315)	(15,121)
Trade Payables	(5,023)	(4,199)
Taxation and social security	(1,836)	(1,702)
Other Payables	(8,992)	(10,882)
Accruals and deferred income	(118,174)	(149,654)
Loan Repayments	(27,061)	(32,468)
	<u>(191,401)</u>	<u>(214,026)</u>
Amounts falling due after more than one year:		
Other Payables	(14,215)	(13,899)
Accruals and deferred income	(12,196)	(13,866)
	<u>(26,411)</u>	<u>(27,765)</u>
Total	<u>(217,812)</u>	<u>(241,791)</u>

Notes to the Accounts

Note	2020 £'000	2019 £'000
18 Loans Outstanding		
Loans from the Government Loans Fund & Former Local Authorities maturing: Later than one year and not later than five years	(61,422)	(76,825)
Later than five years	(96,724)	(108,277)
Total	(158,146)	(185,102)

(a) All Government Loans are repayable by Annuity and Local Authority Loans are repayable using an average Loans Pool rate.

(b) Interest rates on the Government Loans are those current at time of borrowing.

(c) The Government Loans are repayable to the Department of Finance (previously referred to as the Department of Finance and Personnel prior to 9 May 2016).

19 Commitments under leases

Operating Leases - Premises

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	2020 £'000	2019 £'000
Obligations under operating leases comprise:		
Property		
Not later than one year	(1,115)	(411)
Later than one year and not later than five years	(2,024)	(857)
Later than five years	(80)	(111)
	(3,219)	(1,379)

Notes to the Accounts

Note

20 Financial Instruments

The Government FReM requires financial statements to comply with the accounting standards on Financial Instruments, namely IAS 32, IFRS 7 and IFRS 9. The objective of these standards is to establish principles for presenting, recognising, measuring and disclosing Financial Instruments.

A Financial Instrument is "any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity". Financial Assets include, amongst others, cash, trade receivables and loans to other entities. Financial liabilities include, amongst others, trade payables, loans from other entities and accruals. Equity instruments include, amongst others, types of preference shares, and are unlikely to occur within the Housing Executive's financial statements.

(a) Significance of Financial Instruments for Financial Position and Performance

The financial assets and liabilities disclosed in the Statement of Financial Position are made up of the following categories of financial instruments:

	Long Term		Short Term	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Financial assets at amortised cost	18,301	17,811	152,458	163,016
Financial assets at fair value through profit or loss	-	-	43,990	16,414
Total Financial Assets	18,301	17,811	196,448	179,430

	Long Term		Short Term	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Financial Liabilities at amortised cost	184,557	212,867	191,401	214,026
Total Borrowings	184,557	212,867	191,401	214,026

The table above includes long term debtors, trade payables and receivables and cash balances held for working capital purposes.

Notes to the Accounts

Note

20 Financial Instruments (continued)

(b) Financial Instruments Gains and Losses

The gains and losses recognised in the Statement of Comprehensive Net Expenditure for the year ended 31 March 2020 in relation to financial instruments are made up as follows:

Financial Liabilities	Liabilities measured at fair value through profit or loss £'000	Liabilities measured at amortised cost £'000
Interest Expense	-	18,282
Interest payable and similar charges	-	18,282
 Financial Assets		
	Assets at Amortised Cost £'000	Assets at Fair Value through Profit or Loss £'000
Impairment Loss	1,752	-
Interest payable and similar charges	1,752	-
Interest and Investment Income	945	310
Interest and other income and gains	945	310

(c) Fair Value of Assets and Liabilities Carried at Amortised Cost

In relation to financial assets, IFRS 9 stipulates that where the contractual terms give rise to principal and interest payments on specified dates and the assets are held solely to collect those contractual cash flows, such assets are to be carried on the Statement of Financial Position at amortised cost less any impairment losses. In accordance with IFRS 9, the financial liabilities held by the Housing Executive are also held at amortised cost. This includes the Housing Executive's Government loans and Local Authority loans. The majority of Housing Executive loans are repayable by fixed rate annuities. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

Notes to the Accounts

Note

20 Financial Instruments (continued)

Assumptions:

- 1) For loans from the Consolidated Loans Fund and other loans payable, the real discount rate of 3.7%, as set by HM Treasury, has been applied to provide fair value;
- 2) No early repayment or impairment is recognised; and
- 3) Where an instrument has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the principal outstanding or the billed amount.

The fair values calculated are as follows:

	2020		2019	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Liabilities				
Consolidated Loans Fund	180,419	203,854	212,453	286,211
Non Consolidated Loans Fund	4,789	5,347	5,117	6,004
Total Debt	185,208	209,201	217,570	292,215
Loans and receivables				
Long term Debtors	21,345	18,301	20,636	17,811
Total Investments	21,345	18,301	20,636	17,811

Long term trade debtors are stated at amortised cost using the effective interest rate of 3.7%. An assessment is made on the future collectability of the debtors based on historic trends which is profiled over future years. The cash flows are discounted using the effective interest rate of 3.7%. This is a method used to calculate the carrying value and the fair value.

Notes to the Accounts

Note

20 Financial Instruments (continued)

The fair values for trade payables and receivables and cash balances are not included in the table above as the fair value is taken to be the invoiced or billed amount, less any recognised impairment losses.

Nature and Extent of Risks arising from Financial Instruments

IFRS 7, "Financial Instruments: Disclosures", requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Due to the largely non trading nature of its activities and the way in which the entity is financed, the Housing Executive is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. As a result, the sensitivity analysis on market risk, as required by IFRS 7, has not been undertaken due to the majority of the Housing Executive loans carrying fixed rates of interest.

Details of financial risks which the Housing Executive's activities expose it to are noted below:

Credit Risk

Credit risk arises from deposits with banks, local authorities and Money Market Funds (MMFs), as well as credit exposure to the Housing Executive's customers, specifically tenant arrears and Housing Benefit overpayment debt. There is no historical experience of default in relation to deposits with banks used by the Housing Executive and deposits are placed only with banks holding robust credit ratings. Nonetheless, due to the risk of bank collapse, default or bail-in, the Housing Executive no longer holds the majority of its cash reserves in a small number of banks, instead achieving greater diversification and reduced exposure to any one bank through investment in MMFs with strong creditworthiness and by holding the majority of its cash reserves on deposit with local authorities or other UK government entities. UK government bodies are regarded as having lower credit risk than banks or other financial entities. The allowance for trade receivables reflects the Housing Executive's assessment of the risk of non-payment by trade debtors and, as such, there is no additional estimated exposure to default and inability to collect.

Notes to the Accounts

Note

20 Financial Instruments (continued)

Liquidity Risk

Regional Services expenditure is fully funded by the Department and subject to strict budgetary control, with funding being drawn down from the Department on a monthly basis to meet cash requirements. Landlord Services expenditure is largely financed by rental income generated from the Housing Executive's housing stock, which provides a regular and reliable income stream. Cash projections and daily monitoring of the liquidity position of the organisation are undertaken to ensure that funds are available to meet expenditure requirements as they fall due. Moreover, the Housing Executive maintains some of its cash reserves in Money Market Funds which provide same-day access to cash as it is required, and no funds are invested for periods of greater than six months.

Market Risk

Interest-Rate Risk

Approximately 97% of the Housing Executive's financial liabilities carry fixed rates of interest and the Housing Executive is not therefore exposed to significant interest rate risk with respect to loans. The continued low bank interest rates have maintained the low level of interest receivable on short term cash investments held with banks. However, slightly higher interest rates have been achieved by increasing the range of counterparties in which the Housing Executive holds its cash reserves to include a number of different banks, MMFs and UK government bodies.

Foreign Currency Risk

The Housing Executive has only limited exposure to foreign currency risk, relating to funding received in Euros from the Special EU Programmes Body. The foreign currency risk is not deemed to be significant enough to warrant direct management. During 2019/20 the foreign currency losses incurred amounted to £nil (2018/19: £nil).

Fair Value

The fair value of loans outstanding after one year at 31 March 2020 for the Government Loans Funds is £198m (2019: £237m), and the estimated fair value of Local Authority Loans is £4.8m (2019: £5.2m).

Notes to the Accounts

Note

21 Provision for Liabilities and Charges

2019/20	Redevelopment Area Purchases £'000	Repayment of Lease Income £'000	Contractual Claims £'000	Public Liability Claims £'000	Managing Asbestos £'000	Legal Claims £'000	Total £'000
Opening Balance -							
At 31 March 2019	(134)	-	(205)	(1,047)	(90)	(187)	(1,663)
Provided in the year	-	(221)	(104)	(2,524)	(255)	(189)	(3,293)
Provisions not required written back	-	-	140	-	-	187	327
Provisions utilised in the year	-	-	5	1,513	326	-	1,844
At 31 March 2020	(134)	(221)	(164)	(2,058)	(19)	(189)	(2,785)
Amount due for settlement:							
Within 12 months	(134)	-	(164)	(1,132)	(19)	(94)	(1,543)
After 12 months	-	(221)	-	(926)	-	(95)	(1,242)
At 31 March 2020	(134)	(221)	(164)	(2,058)	(19)	(189)	(2,785)

- (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) An amount of £221k has been provided for in relation to ground rent received from land sites previously sold by the Housing Executive. This amount may be repayable by the Housing Executive should certain conditions be met by the purchaser, as outlined in the sale agreements.
- (c) An amount of £164k has been provided for in respect of 3 contractual claims issued against the Housing Executive.
- (d) Public Liability Claims see Note 24 (Contingent Liabilities).

Notes to the Accounts

Note

21 Provision for Liabilities and Charges (continued)

- (e) The Housing Executive has undertaken to survey a sample of its housing stock, 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 £19k has been accounted for in respect of covering estimated costs of properties for managing asbestos where it is found.
- (f) An amount of £189k has been provided for in respect of legal cases issued against the Housing Executive.

2018/19	Re development Area Purchases £'000	Repayment of Lease Income £'000	Contractual Claims £'000	Public Liability Claims £'000	Managing Asbestos £'000	Legal Claims £'000	Total £'000
Opening Balance - At 31 March 2018	(134)	-	(50)	(1,096)	(821)	(185)	(2,286)
Provided in the year	-	-	(205)	(1,092)	-	(102)	(1,399)
Provisions not required written back	-	-	50	-	524	72	646
Provisions utilised in the year	-	-	-	1,141	207	28	1,376
At 31 March 2019	(134)	-	(205)	(1,047)	(90)	(187)	(1,663)
Amount due for settlement: Within 12 months	(134)	-	(205)	(520)	(90)	(145)	(1,094)
After 12 months	-	-	0	(527)	-	(42)	(569)
At 31 March 2019	(134)	-	(205)	(1,047)	(90)	(187)	(1,663)

Notes to the Accounts

Note

22 (a) Pensions

The Housing Executive participates in the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) pension scheme for the majority of its employees. The Chairman 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. There were changes to the scheme in 2015. The 2015 Scheme is fundamentally different from the previous final salary based schemes. It is a defined benefit career average revalued earnings (CARE) scheme, meaning that future pension benefits will be calculated on career average earnings rather than final salary.

Up until 31 March 2015, the Pension scheme provided benefits for each year of service on a 'Final Salary' basis with a significant change to the scheme in 2009. Prior to 1 April 2009, benefits accrued at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3/80ths of pensionable salary for each year of service, prior to 1 April 2009, is payable on retirement. Post April 2009, as part of a general review of public sector pension schemes, the Government introduced changes to the pension scheme. Benefits from this date accrue at the rate of 1/60th of pensionable salary for each year of service. The lump sum payment was removed. Also instead of employees paying a standard contribution rate of 6%, which was applicable up to 1 April 2009 (5% for non-administrative employees prior to 1 January 2003, and 6% thereafter of their pensionable pay), different contribution rates were applied for different pay bands. The new rates were between 5.5% and 7.5% of pensionable pay. The Scheme's professionally qualified actuaries recommend the rates of employer's contribution to be paid.

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

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

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

Notes to the Accounts

Note

22 (a) Pensions (continued)

The last formal actuarial valuation of the fund was carried out as at 31 March 2019, the results of which were released during the 2019/20 financial year. The next formal valuation will be due as at 31 March 2022. In calculating the Housing Executive's assets and liabilities the appointed actuaries have rolled forward the values calculated at the latest valuation (March 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 2020	31 March 2019
Rate of Inflation (RPI)	2.50%	3.20%
Rate of Inflation (CPI)	2.10%	2.20%
Rate of Increase in Salaries	3.60%	3.70%
Rate of Increase in Pensions	2.10%	2.20%
Discount Rate	2.30%	2.50%

Breakdown of Life Expectancies

Life expectancy for mortality tables used to determine benefit obligations at:	31 March 2020	31 March 2019
Male member aged 65 (current life expectancy)	21.9	22.6
Female member aged 65 (current life expectancy)	25.1	24.9
Male member aged 45 (life expectancy at age 65)	23.2	24.3
Female member aged 45 (life expectancy at age 65)	26.5	26.8

Notes to the Accounts

Note

22 (b) Pensions (continued)

Future mortality is the single most significant demographic assumption. Recent studies have disclosed a faster increase in the rate of mortality improvement than had previously been expected.

The basic table used is Standard SAPS S2P tables (Year of Birth) with CMI 2017 core projections, and long-term improvement rates per year of 1.5% for both males and females. This means the mortality rates assumed for members of a particular age differ from those for members who will reach that age in future.

These assumptions should result in an appropriate allowance for future longevity, and are similar to assumptions used for many schemes in the UK. The assumptions will continue to be monitored in the light of general trends in mortality experience.

Sensitivity Analysis

IAS 19 valuation results depend critically on the principal assumptions used in the calculations. The discount rate used to value the liabilities is prescribed under IAS 19 and the results are particularly sensitive to the discount rate. A reduction in the net discount rate will increase the liabilities as a higher value is placed on benefits in the future. Regarding mortality assumptions, if longevity improves at a faster rate than liabilities. Further increases in pensionable pay, inflation and hence pension, more than allowed for in the assumptions will increase the value of the liabilities.

Below we have detailed the sensitivity of the benefit obligation to various key assumptions.

	Current Assumptions £'000	Discount Rate -0.25% pa	Salary Increase +0.25%pa	Inflation +0.25%pa	Life Expectancy +1 year
Liabilities	1,108,080	1,154,298	1,118,102	1,140,657	1,144,601
Assets	877,490	877,490	877,490	877,490	877,490
Total Scheme shortfall	230,590	276,808	240,612	263,167	267,111
Funding Level	79%	76%	78%	77%	77%
Increase in Liabilities	-	46,218	10,022	32,577	36,521

Notes to the Accounts

Note

22 (c) Pensions (continued)

The fair value of the assets held by the pension scheme attributable to the Housing Executive are analysed as follows:

Asset Class	Assets at 31 March 2020 £'000	Assets at 31 March 2019 £'000
Equities	372,933	599,281
Bonds	340,466	236,688
Property	87,749	110,792
Cash	41,242	30,216
Other	35,100	30,216
	877,490	1,007,193

The above asset values as at 31 March 2020 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 2020 £'000	31 March 2019 £'000
Fair Value of Employer Assets	877,490	1,007,193
Present value of Funded Liabilities	(1,097,507)	(1,097,680)
Net Underfunding in Funded Plans	(220,017)	(90,487)
Present value of Unfunded Liabilities	(10,573)	(12,020)
Unrecognised Actuarial (Gain) / Loss	-	-
Unrecognised Transition (Asset) / Liability	-	-
Net Liability	(230,590)	(102,507)
Amounts in the Statement of Financial Position		
Liabilities	(230,590)	(102,507)
Assets	-	-
Net Asset / (Liability)	(230,590)	(102,507)
Funding Level	79%	

Notes to the Accounts

Note

22 Pensions (continued)

(d) Notes to the Statement of Comprehensive Net Expenditure

Amount Charged to Employee Costs	Year End 31 March 2020		Year End 31 March 2019	
	£'000	% of Payroll	£'000	% of Payroll
Current Service Cost	(26,028)	(35.7%)	(23,428)	(33.7%)
Past Service Cost	(8,259)	(11.3%)	-	-
Administration Expenses	(348)	(0.5%)	(278)	(0.4%)
Insurance premiums for risk benefits	(1,391)	(2.0%)	(1,391)	(2.0%)
Curtailment and Settlements **	(33)	(0.04%)	(1,101)	(1.6%)
Decrease in Irrecoverable Surplus	-	-	-	-
Total Operating Charge (A)	(36,059)	(49.5%)	(26,198)	(37.7%)

Amount (Debited)/Credited to Other Financing costs	Year End 31 March 2020		Year End 31 March 2019	
	£'000	% of Payroll	£'000	% of Payroll
Interest Income on Scheme Assets	24,993	34.3%	24,912	35.8%
Interest on Pension Scheme Liabilities	(27,689)	(38.0%)	(28,719)	(41.3%)
Net Return (B)	(2,696)	(3.7%)	(3,807)	(5.5%)

Net Revenue Account Cost (A) - (B)	(38,755)	(53.2%)	(30,005)	(43.2%)
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** Included within curtailment and settlements cost is the actuarial cost for employees who have been approved to leave early as part of the early departures scheme.

Notes to the Statement of Changes in Taxpayers Equity

	31 Mar 2020 £'000	31 Mar 2019 £'000
Actuarial Gains on Plan Assets	(140,676)	64,354
Actuarial (Losses) / Gains on Obligation	34,693	(17,498)
Actuarial (Loss) / Gain Recognised in Statement of Changes in Taxpayers Equity	(105,983)	46,856

Notes to the Accounts

Note

22 (d) Pensions (continued)

The attributable movement in the scheme liabilities during the period was as follows:

Reconciliation of Defined Benefit Obligation	Year End	Year End
	31 March	31 March
	2020	2019
	£'000	£'000
Opening Defined Benefit Obligation	(1,109,700)	(1,063,807)
Current Service Cost	(26,028)	(23,428)
Past Service Cost	(8,259)	-
Interest Expense	(27,689)	(28,719)
Members Contributions	(4,660)	(4,461)
Unfunded Benefits Paid by Employer	911	936
Benefit Payments from Plan	32,685	28,376
Plan Curtailment	(33)	(1,101)
<i>Actuarial movements:</i>		
Effect of changes in demographic assumptions	52,852	42,836
Effect of change in financial assumptions	(19,897)	(60,332)
Effect of experience adjustments	1,738	-
Closing Defined Benefit Obligation	(1,108,080)	(1,109,700)

The attributable movement in the scheme assets during the period was as follows:

Reconciliation of Fair Value of Employer Assets	Year End	Year End
	31 March	31 March
	2020	2019
	£'000	£'000
Opening Fair Value of Employer Assets	1,007,193	928,382
Employer Contributions	15,744	15,129
Members Contributions	4,660	4,461
Interest Income	24,993	24,912
Contributions in respect of Unfunded Benefits	911	936
Unfunded Benefits Paid	(911)	(936)
Benefits Paid from Plan	(32,685)	(28,376)
Administrative expenses paid from plan assets	(348)	(278)
Insurance premiums for risk benefits	(1,391)	(1,391)
<i>Actuarial movements:</i>		
Return on Plan Assets	(55,550)	64,354
Rebasing to 2019 valuation asset data	(85,126)	-
Closing Fair Value of Employer Assets	877,490	1,007,193
Net Pension Liability	(230,590)	(102,507)

Notes to the Accounts

Note

22 (d) Pensions (continued)

For the 2019 valuation the Committee decided to adjust the approach used to notionally allocate assets to individual employers within the Main Employer Group and instead of tracking the position of each employer, it would track the position of the Main Employer Group as a whole, and the assets notionally allocated to each employer would be based on their liabilities and the funding level of the group as a whole. As a result of this change the assets used for accounting purposes for employers within the Main Employer Group have been re-balanced and potentially could be materially different that if they were rolled forward from last year's accounting figures. This difference is included in the Rebasing to 2019 valuation asset data, part of actuarial movements within Fair Value of Employee Assets above as at 31 March 2020.

The liabilities show the underlying commitment that the Housing Executive has in the long term to pay retirement benefits. The total pension liability is £1,108m (2019: £1,110m) and results in a net overall deficit balance of £231m (2019: £103m) which is recorded on the Statement of Financial Position. The deficit on the NILGOSC scheme will be funded over a period of many years through employer contributions over the remaining working life of employees as assessed by the scheme actuary. Employer contribution rates were 20% for 2019/20 (2018/19 19%). Deficit recovery contributions were also payable in

- (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				
	2020	2019	2018	2017	2016
	£'000	£'000	£'000	£'000	£'000
Fair Value of Employer Assets	877,490	1,007,193	928,382	885,568	820,697
Present Value of Defined Benefit Liability	(1,108,080)	(1,109,700)	(1,063,807)	(1,043,389)	(878,862)
(Deficit)/Surplus	(230,590)	(102,507)	(135,425)	(157,821)	(58,165)
Experience Gains/(Losses) on Assets	(55,550)	64,354	31,016	101,546	5,374
Experience (losses)/Gains on Liabilities	1,738	-	-	50,949	-
Actuarial Gains/(Losses) on Employer Assets	(55,550)	64,354	31,016	101,546	5,374
Actuarial (Losses)/Gains on Obligation	34,693	(17,496)	883	(143,229)	50,106
Rebalancing due to Valuation	- 85,126	-	-	- 56,408	-
Actuarial (Losses)/Gains recognised in Statement of changes in Taxpayers' Equity	(105,983)	46,858	31,899	(98,091)	55,480

Notes to the Accounts

Note	2020 £'000	2019 £'000
23 Notes to the Statement of Cash Flows		
23(a) Reconciliation of Net Expenditure before interest to Operating Cash Flows		
Net Expenditure before Interest	(256,160)	(273,541)
Taxation paid	(12,000)	(11,750)
Depreciation of Property, Plant & Equipment	37,017	35,859
Amortisation of Software	501	621
Impairment	225	253
(Increase)/Decrease in Inventories	971	34
(Increase)/Decrease in Receivables	934	(8,512)
Increase in Payables and Provisions	(12,249)	7,378
(Profit)/Loss on Disposals, Write Offs & Revaluation Movements	<u>(6,558)</u>	<u>(3,888)</u>
Net Cash Outflow from Operating Activities	<u><u>(247,319)</u></u>	<u><u>(253,546)</u></u>
23(b) Cashflow from Investing Activities	2020	2019
	£'000	£'000
Payments to Acquire Non-Current Assets		
Land and Buildings	(13,009)	(15,474)
Other Operational Assets	(868)	(764)
IT Hardware and Software	(344)	(1,203)
Non Operational Assets	<u>(415)</u>	<u>(250)</u>
Total Expenditure	<u><u>(14,636)</u></u>	<u><u>(17,691)</u></u>
Income from Sale of Non-Current Assets and Grants		
House Sales (Inc. Land & Buildings)	22,091	21,433
Offices and depots	-	43
Plant & Equipment	<u>39</u>	<u>24</u>
Total Income and Grants	<u><u>22,130</u></u>	<u><u>21,500</u></u>
Repayment of Loans		
Repayment of Loan Debt	<u>(32,363)</u>	<u>(37,720)</u>
Short Term Investments		
Investment in Fixed Term Deposits (greater than three months)	<u>(6,991)</u>	<u>(30,009)</u>
Financing Charges		
Loan Interest charges	(18,235)	(21,379)
Other Financing Charges	-	-
Total Financing Charges	<u><u>(18,235)</u></u>	<u><u>(21,379)</u></u>
Interest Receivable	<u>1,162</u>	<u>1,049</u>
Net Cash Outflow from Investing Activities	<u><u>(48,933)</u></u>	<u><u>(84,250)</u></u>

Notes to the Accounts

Notes to the Statement of Cash Flows

Note	2020 £'000	2019 £'000
23(c) Cashflow from Financing Activities		
Grant from Sponsoring Department	295,744	297,016
	<u>295,744</u>	<u>297,016</u>

23(d) Analysis of Change in Cash and Cash Equivalents

	At 1 April 2019 £'000	Cash Flows £'000	Other Changes £'000	At 31 March 2020 £'000
Cash at Bank and in Hand	97,021	14,686	-	111,707
Overdrafts	<u>(15,121)</u>	<u>(15,194)</u>	-	<u>(30,315)</u>
Total	<u>81,900</u>	<u>(508)</u>	-	<u>81,392</u>

	At 1 April 2018 £'000	Cash Flows £'000	Other Changes £'000	At 31 March 2019 £'000
Cash at Bank and in Hand	129,520	(32,499)	-	97,021
Overdrafts	<u>(6,840)</u>	<u>(8,281)</u>	-	<u>(15,121)</u>
Total	<u>122,680</u>	<u>(40,780)</u>	-	<u>81,900</u>

23(e) Reconciliation of Net Cash Flow to Movement in Cash & Cash Equivalents

	2020 £'000	2019 £'000
Net increase/(decrease) in Cash & Cash Equivalents in	(508)	(40,780)
Cash & Cash Equivalents at 1 April 2019	<u>81,900</u>	<u>122,680</u>
Cash & Cash Equivalents at 31 March 2020	<u>81,392</u>	<u>81,900</u>

Notes to the Accounts

Note

24 Contingent Liabilities and Assets

Liabilities

Holiday Pay Liability

On 17th June 2019, the Court of Appeal ruled in respect of Northern Ireland Industrial Tribunal's November 2018 decision on cases taken against the Police Service for Northern Ireland (PSNI) on backdated Holiday Pay. It determined that claims for holiday pay due on overtime can be taken back to 1998. The PSNI has noted it will lodge an appeal to the Supreme Court against this judgement, due to the significant repercussions for all of the Public Sector. Due to delays in relation to the Covid-19 situation, it is expected that this will not be heard until 2021 but could result in a decision which either reduces the period of liability or confirms the full period back to 1998. This remains an extremely rare and complex case with a significant number of issues to still be resolved, including further legal advice with regards to the Judgement; the scope; timescales; outcome of the appeal and engagement with Trade Unions. The legal issues arising from this judgement and the further appeal lodged by the PSNI will need further consideration by the Housing Executive. In recognition of negotiations which had taken place with Trade Unions prior to the Court of Appeal decision, holiday pay due on overtime relating to the period from 2013/14 has been accounted for in the Statement of Comprehensive Net Expenditure. Payments relating to the 2018/19 financial year have been paid during 2019/20 with the remaining liability included within Accruals and Deferred Income and disclosed in Note 17 Trade and Other Payables. However, due to the lack of accessible data and inherent uncertainties in the Supreme Court's final decision, a reliable estimate cannot be provided at this stage for the liability relating to the financial years prior to 2013/14 and a contingent liability remains in respect of these financial years.

Cavity Wall Insulation

A research report on the condition of Cavity Wall Insulation (CWI) in the Housing Executive's dwellings was published in May 2019. The report noted that there was a considerable level of non-compliance (63%) with current industry installation standards. In particular, from the sample of 825 properties selected and surveyed, it was found that in 1% of cases this was having a significant detrimental impact on the internal structure and that urgent remedial work was required. It is difficult to quantify the costs for this as it will vary on a case-by-case basis, but it is estimated that it could be in the range of £2.4m to £3.15m (2019: range from £1.8m - £2.7m). A CWI Action Plan is currently being developed in response to the research report's findings and recommendations and will form part of the Housing Executive's new Energy Strategy for its housing stock. Once complete, CWI works will need to be assessed against other investment priorities, in light of insufficient funding for stock investment.

Contractual Claims

At 31 March 2020, a contractual claim has been issued against the Housing Executive where the amount is unable to be quantified. There is also a further claim which cannot be disclosed for commercially sensitive reasons.

Public Liability Claims

At 31 March 2020, there is a contingent liability of £5.2m (2019: £4.6m) for public liability claims, representing claims notified and not finalised and where it is considered a payment is probable.

Redevelopment Area Purchases

At 31 March 2020, a contingent liability of £0.7m (2019: £0.7m) exists for a small number of outstanding claims which have not been received for redevelopment land previously vested and owned by the Housing Executive.

Notes to the Accounts

Note

25 Commitments

The Housing Executive has to plan its Capital and Revenue in advance of work proceeding. At 31 March 2020 the Housing Executive has entered into contracts which will incur expenditure of £179.8m (2018/19: £121.8m) in future years. Of this, capital commitments represent £146.7m (2018/19: £97.7m) and revenue commitments represent £33.2m (2018/19: £24.1m). Capital commitments include private sector grant & energy efficiency grant approvals up to 31 March 2020 of £17.9m (2018/19: £18.4m) which have been committed by the Housing Executive, but not yet paid.

26 Related Party Transactions

The Housing Executive is a Non Departmental Public Body (for accounting purposes) sponsored by the Department, who are regarded as a related party. The Statement of Changes in Taxpayers' Equity details the funding received from the Department. During the year, the Housing Executive has had various material transactions with the Department with respect to Housing Benefit. Note 7 provides a breakdown of that expenditure.

Further certain Social Housing Development Programme grants were also recouped from Housing Associations during the year and repaid to the Department, as disclosed in Note 6(f). Additionally, the Housing Executive paid rent, rates and service charges of £548k to the Department in respect of one office building, and also reimbursed the Department for the salary costs of three members of staff who were seconded to the Housing Executive during the year.

The Housing Executive also paid rent, rates and service charges of £1,467k to the Department of Finance in respect of two office buildings. In addition, the Housing Executive has had a number of transactions with other Government Departments and Agencies, the most material of which related to repayment of loans to the Department of Finance (see Note 18).

The Housing Executive collects rates for its own properties, which are payable to Land & Property Services (LPS), for which it receives an allowance. Rates paid during 2019/20 to LPS amounted to £40m. An allowance of £4m is received from LPS which resulted in Rates collected during 2019/20 of £44m. Notes 6 and 4 show the expenditure incurred and income received in respect of Rates collected.

LPS also funded the Housing Executive for its part in administering the Rates Relief and Lone Pensioner Allowance systems for which the Housing Executive received £2.4m and £179k respectively.

None of the Board Members, members of the key management staff or other related parties has undertaken any material transactions with the Housing Executive during the year.

Notes to the Accounts

Note

27 Third Party Assets

The Housing Executive did not hold any Third Party Assets as at 31 March 2020 (2019: £Nil).

28 Fraud and Error

The Housing Executive administers Housing Benefit on behalf of the Department. Estimates of the levels of fraud and error in Housing Benefit for tenants are reported by the Analytical Services Unit within the Department for Communities. To enable the Unit to provide an estimate of total fraud and error, the results from Financial Accuracy Monitoring, which provides a measure of Official Error, are combined with results from Benefits Reviews which provide a measure of Customer Fraud and Customer Error.

For the Calendar year 1 January 2019 to 31 December 2019, these reports highlighted an estimated amount of £23.3 m overpaid (customer fraud £15.4, customer error £6.37m and official error of £1.53m) and £6.5m underpaid (customer error £5.66m and official error £0.88) through fraud and error in Housing Benefit for tenants. This represents approximately 5.3% 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 2019-20 Resource Accounts (Note 23 - Payment Accuracy).

29 Events after the Reporting Date

There have been no significant events since the year end which would affect these accounts.

Authorisation Date

The financial statements were authorised for issue on 23 October 2020 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 2020 - Unaudited

	Landlord 2020 £'000	Regional 2020 £'000	Total 2020 £'000	Landlord 2019 £'000	Regional 2019 £'000	Total 2019 £'000
Income						
Rental Income	296,837	26	296,863	296,502	25	296,527
EU Income	687	276	963	350	54	404
Other Income	48,047	5,948	53,995	46,264	9,829	56,093
Total Housing Benefit Income	-	550,047	550,047	-	605,519	605,519
Capital Grant Income	627	1,215	1,843	853	500	1,353
Commissioned Services Income	11,978	3,743	15,721	11,786	3,354	15,140
Total Income	358,176	561,255	919,432	355,755	619,281	975,036
Expenditure						
Staff Costs	102,304	29,193	131,497	89,644	29,531	119,175
Other Expenditures	199,225	246,299	445,524	218,649	256,149	474,798
Total Housing Benefit Costs	-	550,047	550,047	-	605,519	605,519
Depreciation, Amortisation, Write Offs & Write Down	30,861	100	30,960	32,476	117	32,593
Commissioned Services Charge	3,743	11,978	15,721	3,354	11,786	15,140
Capital Grant Charge	-	627	627	-	853	853
Capital Grant in Kind	-	1,215	1,215	-	500	500
Total Expenditure	336,133	839,459	1,175,592	344,123	904,455	1,248,578
Net Expenditure before Interest (c/fwd)	22,044	(278,204)	(256,160)	11,632	(285,174)	(273,542)

Northern Ireland Housing Executive

Annex: Statement of Comprehensive Net Expenditure - split by service (cont'd) for the year ended 31 March 2020 - Unaudited

	Landlord 2020 £'000	Regional 2020 £'000	Total 2020 £'000	Landlord 2019 £'000	Regional 2019 £'000	Total 2019 £'000
Net Expenditure before Interest (b/fwd)	22,044	(278,204)	(256,160)	11,632	(285,174)	(273,542)
Interest Receivable	1,060	195	1,255	963	170	1,133
Financing Charges	(18,282)	-	(18,282)	(21,213)	-	(21,213)
Pension Financing Charges	(2,057)	(639)	(2,696)	(2,827)	(979)	(3,806)
Net Expenditure before taxation	2,765	(278,648)	(275,883)	(11,445)	(285,983)	(297,428)
Tax on ordinary activities	(8,861)	(37)	(8,898)	(4,643)	(32)	(4,675)
Net Expenditure after taxation	(6,096)	(278,685)	(284,781)	(16,088)	(286,015)	(302,103)

Northern Ireland Housing Executive
Statement of Financial Position split by service - Unaudited
as at 31 March 2020

	Landlord Services	Regional Services	Total	Landlord Services	Regional Services	Total
	2020	2020	2020	2019	2019	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets						
Property, Plant & Equipment						
- Operational	2,569,096	3,193	2,572,289	2,455,965	3,113	2,459,078
Property, Plant & Equipment						
- Non Operational	555	297	852	560	184	744
Intangible Assets	1,804	-	1,804	1,708	-	1,708
Trade and other receivables	4,086	14,215	18,301	3,867	14,264	18,131
Total non-current assets	2,575,541	17,705	2,593,246	2,462,100	17,561	2,479,661
Current Assets						
Short Term Investments	53,000	-	53,000	46,009	-	46,009
Assets Classified as Held for Sale	1,435	-	1,435	3,879	-	3,879
Inventories	996	480	1,476	1,184	1,262	2,446
Trade and other receivables	26,074	30,517	56,591	30,278	24,291	54,569
Cash and cash equivalents	111,707	-	111,707	97,021	9,575	106,596
Intercompany balance	6,704	15	6,719	9,407	6,810	16,217
Total current assets	199,916	31,012	230,928	187,778	41,938	229,716
Total assets	2,775,457	48,717	2,824,174	2,649,878	59,499	2,709,377
Current Liabilities						
Trade and other payables	(118,224)	(73,177)	(191,401)	(116,316)	(107,285)	(223,601)
Provisions	(1,408)	(135)	(1,543)	(947)	(147)	(1,094)
Intercompany balance	(15)	(6,704)	(6,719)	(6,810)	(9,407)	(16,217)
Total current liabilities	(119,647)	(80,016)	(199,663)	(124,073)	(116,839)	(240,912)
Net Current Liabilities	80,269	(49,004)	31,265	63,705	(74,901)	(11,196)
Non-current assets less net current liabilities	2,655,810	(31,299)	2,624,511	2,525,805	(57,340)	2,468,465
Non-current liabilities						
Trade & other payables	-	(26,411)	(26,411)	(155)	(27,610)	(27,765)
Loans Outstanding	(158,146)	-	(158,146)	(185,102)	-	(185,102)
Provisions	(1,242)	-	(1,242)	(569)	-	(569)
Pension Liability	(175,941)	(54,649)	(230,590)	(76,132)	(26,375)	(102,507)
Total Non-current liabilities	(335,329)	(81,060)	(416,389)	(261,958)	(53,985)	(315,943)
Assets less Liabilities (C/Fwd)	2,320,481	(112,359)	2,208,122	2,263,847	(111,325)	2,152,522

Northern Ireland Housing Executive

Statement of Financial Position split by service (Continued) - Unaudited as at 31 March 2020

	Landlord Services	Regional Services	Total	Landlord Services	Regional Services	Total
	2020	2020	2020	2019	2019	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Assets less						
Liabilities (B/Fwd)	2,320,481	(112,359)	2,208,122	2,263,847	(111,325)	2,152,522
Taxpayers' Equity						
Statement of Comprehensive Net Expenditure Reserve	1,218,134	(113,270)	1,104,864	1,294,178	(112,020)	1,182,158
Revaluation Reserve	1,102,347	911	1,103,258	969,669	695	970,364
	2,320,481	(112,359)	2,208,122	2,263,847	(111,325)	2,152,522

Report of the Comptroller and Auditor General to the Northern Ireland Assembly.

Housing Benefit Expenditure

Introduction

1. The Northern Ireland Housing Executive (the Housing Executive) is comprised of a Quasi-Public Corporation and a Non Departmental Public Body (NDPB)¹ and is sponsored by the Department for Communities (the Department). The Housing Executive is the regional housing authority for Northern Ireland with a wide range of housing responsibilities including acting as landlord for housing stock of approximately 85,000 dwellings.
2. I am required to report my opinion as to whether the financial statements give a true and fair view. I am also required to report my opinion on regularity, that is, whether in all material respects the expenditure and income have been applied for the purposes intended by the Northern Ireland Assembly (the Assembly) and the financial transactions conform to the authorities which govern them.

Explanation for Qualified Audit Opinion

3. This report reviews the results of my 2019-20 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.

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.

4. The Housing Executive spent £563.7 million on housing benefit in 2019-20. The fraud and error within this expenditure has been estimated to be £24.2 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.

Background

5. Housing Benefit is a means-tested benefit to help people on low income pay rent. NIHE administers this benefit on behalf of the Department for Communities (DfC) which funds customer payments and the majority of administrative costs. Eligibility depends on several factors including: income and capital; household size; age; circumstances and rent levels. In 2019-20 NIHE spent [£563.7](#) million (2018-19: £621.1 million) on Housing Benefit.
6. In 2013 the Westminster government introduced a wide range of changes to the social security (benefits) system known as ‘Welfare Reform’. Legislation to enable this in Northern Ireland was introduced in November 2015 and the first benefit reforms began in 2016. The roll out of Universal Credit (UC) to new claimants, and claimants with a change in circumstances, began in September 2017 and was completed in December 2018. UC is paid by the Department and is replacing six benefits, one of which is Housing Benefit. I noted in my report last year that NIHE's planned migration of existing claimants from the six benefits to UC had been deferred and was due to commence in late 2020. This has been further delayed and is now due to commence in early 2021. The £57 million decrease in Housing Benefit expenditure between 2018-19 and 2019-20 (see Figure 1) is due to the introduction of UC for new claimants and those with a change in circumstances. As UC rolls out further, expenditure on Housing Benefit will continue to decrease.

Figure 1: Decrease in Housing Benefit Expenditure 2015-16 to 2019-20

	2015-16	2016-17	2017-18	2018-19	2019-20
Total Housing Benefit Expenditure	£680m	£675m	£648m	£621m	£564m

Source: The Department

7. In February 2020, the Minister for Communities announced plans outlined in New Decade, New Approach, to introduce new legislation to continue mitigation payments to anyone affected by the Social Sector Size Criteria (SSSC) (commonly referred to as the Bedroom tax) beyond 31st March 2020 when it had been due to cease. The introduction of new legislation has been delayed due to COVID-19. The Department is continuing to administer a Welfare Supplementary Payment scheme to award mitigation payments for those claimants affected by the SSSC.

Arrangements for monitoring and reporting of fraud and error

8. The Department's Standards Assurance Unit (SAU) regularly monitors and provides estimates of the level of fraud and error within ongoing Housing Benefit claims. Fraud and error arises in different ways:
- **Customer fraud**, which arises when customers deliberately seek to mislead the Housing Executive;
 - **Customer error**, which arises when customers make inadvertent mistakes with no fraudulent intent; and
 - **Official error**, which arises when Housing Benefit, is paid incorrectly due to inaction, delay or a mistake by NIHE.
9. 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.
10. The criteria that are used to determine the entitlement to Housing Benefit, and the method to be used to calculate the amount due to be paid, is set out in legislation. Where fraud or error has resulted in an over or underpayment of benefit to an individual, who is either not entitled to Housing Benefit, or is paid at a rate which differs from that specified in the legislation, these payments have not been made in line with the governing legislation. Overpayments of Housing Benefit as a result of customer fraud,

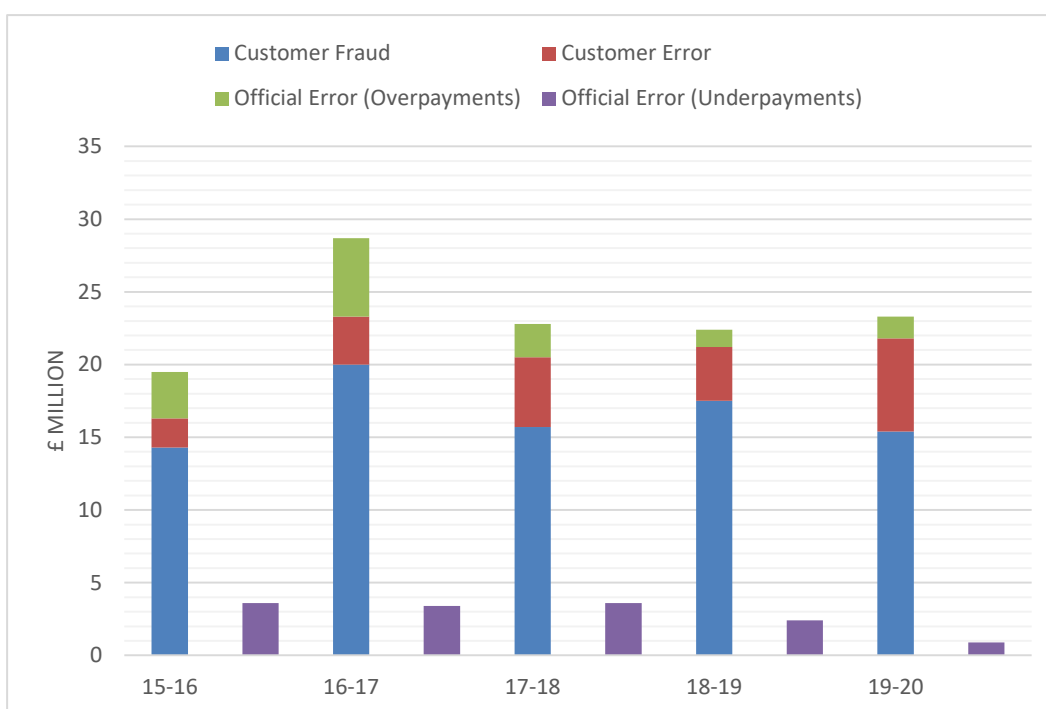
customer error or official error, and underpayments as a result of official error, are considered to be irregular. Underpayments due to customer error are not considered irregular as customers can decide not to claim benefits.

Results of the SAU's testing in 2019-20

11. 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 2019 calendar year was [£562.1 million](#) whereas the amount paid out in the financial year 2019-20 was [£563.7 million](#), as disclosed in Note 7 to the accounts. I consider there are no underlying factors which mean the error rate for the 2019 calendar year cannot be applied to the financial year 2019-20.

12. Note 28 to the accounts (entitled 'Fraud and Error') details the estimated levels of fraud and error, based on the SAU's work, in 2019 (see Figure 2). This shows that the total amount of estimated irregular payments in 2019-20 was £24.2 million comprising:
 - Overpayments due to customer fraud or error and official error of £23.3million (4.1 per cent of Housing Benefit payments); and
 - Underpayments due to official error of £0.9 million (0.2 per cent of Housing Benefit payments expenditure).

Figure 2: Breakdown of estimated levels of fraud and error by type, 2015-16 to 2019-20



	2015-16	2016-17	2017-18	2018-19	2019-20
Overpayments due to:	£m	£m	£m	£m	£m
Customer Fraud	14.3	20.0	15.7	17.5	<u>15.4</u>
Customer Error	2.0	3.3	4.8	3.7	<u>6.4</u>
Official Error	3.2	5.4	2.3	1.2	<u>1.5</u>
Total overpayments	19.5	28.7	22.8	22.4	<u>23.3</u>
	%	%	%	%	%
% of overpayments	2.9	4.3	3.7	3.6	<u>4.1</u>
	£m	£m	£m	£m	£m
Total underpayments due to Official Error	3.6	3.4	3.6	2.4	<u>0.9</u>
	%	%	%	%	%
% of underpayments	0.5	0.5	0.6	0.4	<u>0.2</u>

Source: The Department

13. Figure 2 shows that the total estimated level of overpayments has increased from £22.4 million to £23.3 million (4.1 per cent) this year.
14. The largest element of Housing Benefit overpayments is customer fraud which has decreased by £2.1 million to £15.4 million. NIHE told me the main reason for overpayments in customer fraud is attributed to claimants failing to declare changes in their earnings. As part of the “Invest to Save” exercise NIHE is working with the

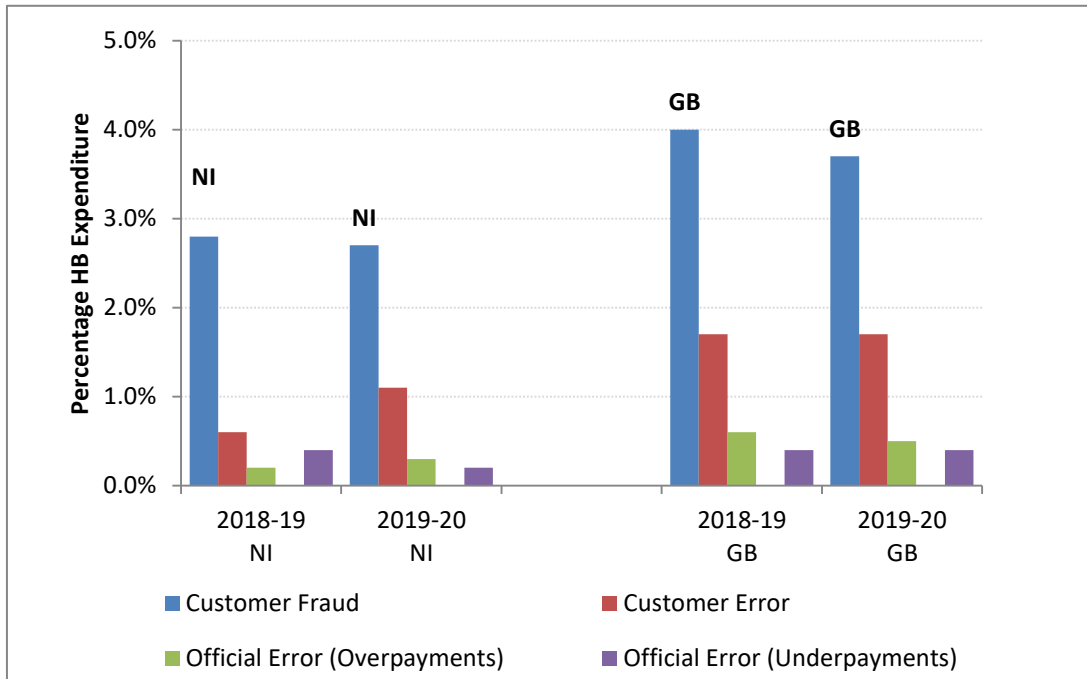
Department and has reviewed almost 9,000 claims where there has not been any declaration of a change in earnings from the claimant. It is envisaged that this will continue to reduce the levels of customer fraud. In addition NIHE receive Verification of Earnings and Pension (VEP) Alerts from HMRC when a claimant's earnings or occupational pension varies. It provides more timely information on a claimants income, thus helping to prevent Housing Benefit overpayments arising. It is encouraging that overpayments due to fraud have decreased this year. I note the initiatives (see para 1.13) which NIHE is undertaking to reduce the level of fraud and error.

15. Overpayments as a result of official error have increased from £1.2 million in 2018-19 to £1.5 million in 2019-20. Underpayments due to official error have decreased from £2.4 million in 2018-19 to £0.9 million in 2019-20. As official errors arise from mistakes by NIHE staff, reducing these errors is directly within NIHE's control. NIHE has attributed official error over and underpayments to a high turnover of staff within Housing Benefit units. However, significant investment in training has been made which has been targeted to areas where errors have been detected. Support Officers are in place in each of the six Housing Benefit Units to provide ongoing training to Housing Benefit Staff. The NIHE has told me it remains focused on continuing to reduce levels of official error.

Comparison with other GB jurisdictions

16. While welfare powers have been devolved to the Assembly they have not been devolved to the Scottish or Welsh governments. Accordingly, the Department of Work and Pensions (DWP) reports estimate fraud and error figures for Great Britain (GB) as a whole. Statistics for the individual jurisdictions, however, are not available. Figure 3 compares estimated fraud and error rates for over and underpayment of Housing Benefit in Northern Ireland with those in GB. The latest projections show that NIHE continues to have Housing Benefit fraud and error overpayment rates below that of GB. In addition, in 2019-20, the official error underpayment rate in Northern Ireland has reduced and is now below that in GB. The main area of concern in GB is also overpayments due to customer fraud and error as a result of failure to declare earnings and employment.

Figure 3: Comparison of the rate of estimated Housing Benefit fraud and error between Northern Ireland and GB for 2018-19 and 2019-20



	Northern Ireland		GB ²	
	2018-19	2019-20	2018-19	2019-20
Total Housing Benefit Expenditure	£0.6bn	£0.6bn	£20.8bn	£18.3bn
Overpayments due to:	%	%	%	%
Customer Fraud	2.8	<u>2.7</u>	4.0	3.7
Customer Error	0.6	<u>1.1</u>	1.7	1.7
Official Error	0.2	<u>0.3</u>	0.6	0.5
% of overpayments	3.6	<u>4.1</u>	6.3	6.0
Underpayments due to:				
Official Error				
% of underpayments	0.4	<u>0.2</u>	0.4	0.4

Source: The Department and DWP

²DWP, Fraud and Error in the Benefit System – 2019-20 Estimates, 14 May 2020.

Developments by NIHE in uncovering and addressing Fraud and Error

17. NIHE has outlined in its [Governance Statement](#) various initiatives undertaken to uncover fraud or error which I welcome. These include:

- Continued use of Verification of Earnings and Pensions Alerts (VEP). This provides details on earned income held by HMRC. VEP Alerts are provided when claimant income varies. As VEP Alerts are generated on a daily basis, it provides more timely information to prevent the likelihood of Housing Benefit overpayments occurring;
- Invest to Save: Earned Income Review – a review of 9,000 cases where claimants have not declared a changes to their earned income, using the VEP facility;
- Data cleansing of a number of categories of Housing Benefit claims, in preparation for the migration to UC to ensure the information for all benefits and incomes on the claim was correct; and
- Other data matching activities using the Housing Benefit Data Matching Service (HBMS).

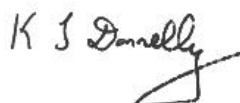
NIHE believe the overall impact of the above initiatives resulted in overpayments of [£3.6 million](#) (2018-19: £8.5 million) being detected and when the impact of preventing future losses is taken into account, NIHE has estimated future savings made are likely to be [£7 million](#) (2018-19: £21 million).

Qualification of regularity opinion due to estimated level of fraud and error in housing benefit payments

18. In reaching the decision to qualify my audit opinion, I recognise that there is an inherent risk of fraud and error in the administration of a complex benefit system which makes it difficult for NIHE to reduce the estimated rate of fraud and error further from its current level.
19. Nevertheless, the estimated levels of fraud and error in Housing Benefit expenditure remain material at [£24.18 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 2019-20 in this area.

Other matters

20. In my report last year I noted a lack of progress in implementing recommendations that had been made to address serious HR weaknesses. I am now satisfied that these recommendations have been implemented.
21. I also noted issues with overpayments to two grounds maintenance contractors. These amounts have now been recovered. NIHE IA carried out an audit of Grounds Maintenance and provided a satisfactory opinion.



Kieran J Donnelly
Comptroller and Auditor General
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23rd October 2020

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