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DEPARTMENT FOR SOCIAL DEVELOPMENT  
**MISSION STATEMENT**

**TOGETHER, TACKLING DISADVANTAGE, BUILDING COMMUNITIES**

**HOUSING POLICY**

**THE BROAD AIM OF HOUSING POLICY IS “TO OFFER EVERYONE THE OPPORTUNITY OF A DECENT HOME AND SO PROMOTE SOCIAL INCLUSION”.**

**1. DEFINITION**

A **Housing Association** is defined under the Housing (Northern Ireland) Order 1992 as a society, body of trustees or company which:

- is established for the purpose of, or amongst whose objects or powers are included those of providing, constructing, improving or managing, or facilitating or encouraging the construction or improvement of housing accommodation, and
- does not trade for profit or whose constitution or rules prohibit the issue of capital with interest or dividend exceeding such rate as may be prescribed by the Department of Finance and Personnel, whether with or without differentiation between share and loan capital.

**1.1 Registered Housing Associations**

A “Registered Housing Association” means one which is registered by the Department for Social Development and held in the register of Housing Associations maintained under Article 14 of the Housing (Northern Ireland) Order 1992. By registering, an association becomes eligible to receive housing association grant from the Department but in so doing, places itself within the Department’s regulatory regime. A housing association seeking registration with the Department must demonstrate that it can meet the published Criteria for Registration. (See Appendix 1A). Before a submission for registration with the

Department can be considered the applicant is required to be a non-profit making Industrial and Provident Society registered with the Registrar of Credit Unions under the Industrial and Provident Societies Act (NI) 1969. Registered Housing Associations are in general recognised by the Inland Revenue as carrying out charitable functions.

## **1.2 Unregistered Housing Associations**

An unregistered housing association is one, which is not registered with or subject to regulation by the Department for Social Development. Such associations are only eligible to receive grant aid towards the expenses incurred by them when engaged in encouraging and giving advice on the formation of other Housing Associations or providing services for other voluntary bodies concerned with housing. No applications have been received from unregistered associations in recent years.

## **2. MEMBERSHIP OF A HOUSING ASSOCIATION**

Committees of Registered Housing Associations may, at their discretion and in accordance with the rules of the association, admit to membership of the Association any individuals, companies and local authorities. Each member can hold only one share in the association and applications for membership must be made to the Registered Office of the Association concerned. The Committee at its next meeting will then consider the application.

### **2.1 Membership Policy**

The Department for Social Development requires all Registered Housing Associations to have a formal membership policy. The association's own rules, which are approved by the Registrar of Credit Unions, deal with the whole matter of membership. Should an association seek to change its rules it must also obtain the consent of the Northern Ireland Federation of Housing Associations (see paragraph 13), the "owners" of the model rules.

### **2.2 Motivation**

In 1998 the Centre for Voluntary Action Studies investigated the main reasons for joining a housing association board.

The most popular reasons were:

- Local/community interest (17%).
- Housing interest (16 %)
- Egalitarian (including putting back in the community) (13%).

### **3. APPOINTMENT/ELECTION OF THE MANAGEMENT COMMITTEE/BOARD OF DIRECTORS**

The management committees or boards of directors of registered Housing Associations are made up of volunteers who give freely of their time for the benefit of the community. The Nolan Committee's Second Report on Standards in Public Life recommended that this principle of unpaid voluntary service by board members should be retained.

Each Committee typically consists of not less than seven or more than fifteen members. The Committee is elected from the share holding membership of the Association although non-shareholders can be co-opted.

At each Annual General Meeting the one-third of the Committee with the longest term of office since last facing election must retire from office, although they are eligible to stand for re-election along with all other nominees. This ensures a maximum term of office of three years without re-election. The Committee elects its Chairperson **annually** at the first meeting following each Annual General Meeting.

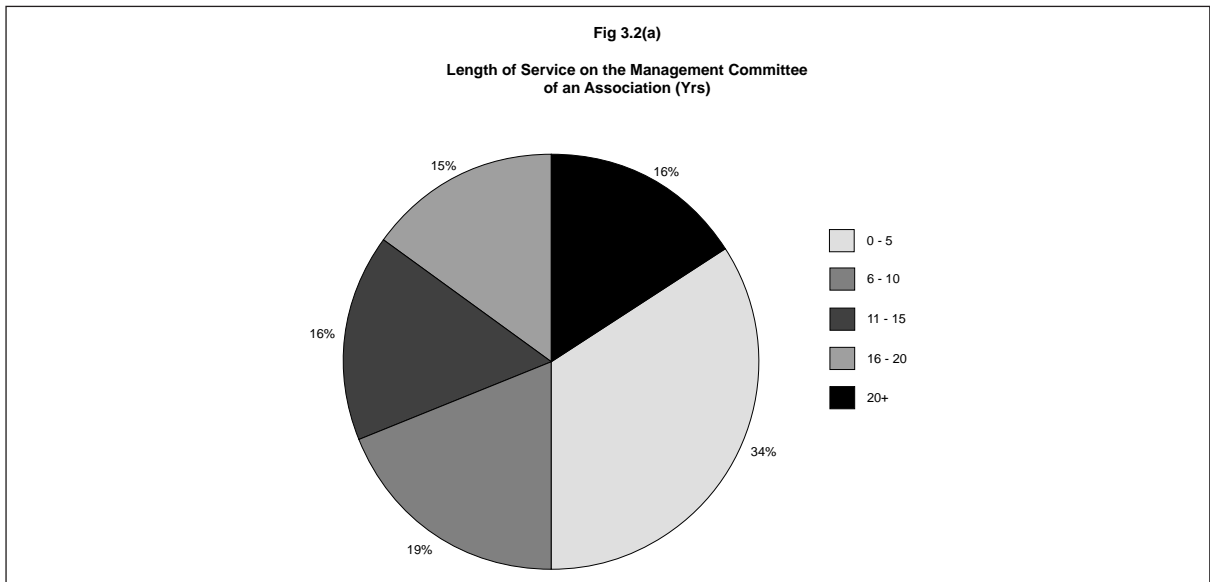
#### **3.1 Entitlement To Stand For Election**

Only **members** (shareholders) of the Association are eligible to become **full** committee members.

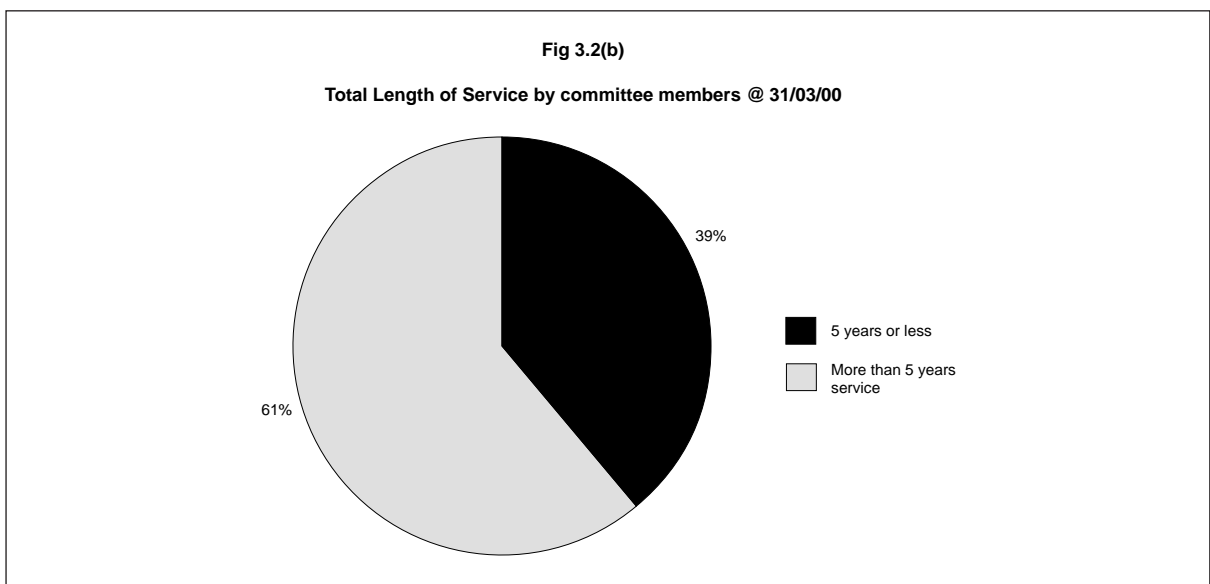
In their Second Report on Standards in Public Life the Nolan Committee suggested in Recommendation No. 48 that for all bodies terms of office, which should be renewable, should not normally exceed **four years**, and reappointment for third or subsequent terms should be the exception rather than the rule.

### 3.2 Length of Service of Board Members

In the research on the training and development needs of housing association Board Members carried out by the Centre for Voluntary Action Studies in 1998 it emerged that on a 99% response rate some 34 % of members had been on the board for 5 years or less. This rose to 44% for 10 years or less service. (See Fig 3.2(a) below)



In the March 2000 annual performance returns collected by the Department it emerged that on full response 145 or 39% of committee members had been on the Board for 5 years or less and 230 or 61% for more than 5 years. (See Fig 3.2(b) below and Annex 1).



**The division of length of service on management committee by Association is detailed in Annex 1**

#### **4. FUNDING OF REGISTERED HOUSING ASSOCIATIONS**

The legislation governing the payment of grant to associations is The Housing (Northern Ireland) Order 1992 with particular reference to Part 2 Chapters 1, 2 and 3.

The receipts, which the Department currently collects from associations, are as provided for under: -

- (i)** Article 35 of the 1992 Order in respect of the recovery of Housing Association Grant (HAG).
- (ii)** Article 37 of the Order 1992 in respect of Surplus Rent Provisions.
- (iii)** Articles 8,9 and 10 of the Financial Provisions (NI) Order 1983 in respect of the long term loans recovery.
- (iv)** Common Law in recovery of commuted housing and hostel subsidies.

A major objective of the Department has been to maximise the use of private finance in conjunction with grant in order to produce more social housing without loss of quality. The Department has sought therefore to have as much of the development programme subject to mixed funding as is practicable. During the period 1/4/92–31/3/2001 Housing Associations received £402m in public funding for their housing for rent development programmes and supplemented this with some £155m in private finance. This public/private funding enabled some 8000 new build units consisting of 6247 general needs and 1756 special needs to be completed during 1/1/92-31/12/99.

The spread of this development by District Council area is detailed in Annex 2.

##### **4.1 Contribution from the Public Purse**

A significant proportion of Housing Association funding is by direct grant from the Housing Division of the Department for Social Development. The allocation for Housing Associations for 2001/2002 is £62.8m but the total public resources available will be some £72.9m when receipts of £10.1m are taken into account. The receipts are derived from the sale of property and repayment of long-term loans by Housing Associations.

**The budget allocation for 2001/02 is as follows:**

Building for rent programme	£ 61.1m
Revenue costs in relation to special needs housing (SNMA)	£ 4.8m
House Sales to tenants	£ 1.7m
Misc	<u>£ 0.1m</u>
<b>Sub-Total</b>	<b>£ 67.7m</b>
Northern Ireland Co-Ownership Housing Association	<u>£ 5.2m</u>
<b>Gross Expenditure</b>	<b>£ 72.9m</b>

## **4.2 Private Finance**

A further £35m approximately will be attracted into the building for rent programme through private funding. At this level of funding Housing Associations will be able to start over 1,200 units in 2001/02.

From 1992 to 2001 some £155m of private finance has been raised by registered Housing Associations. Prior to 1992 this, the equivalent funding was raised from PE by way of 30-year interest bearing loans.

It is estimated that for every £10m of private finance attracted, roughly 155 general family 3 bedroom houses can be provided at no cost to the public purse. The £155m of private finance raised since 1991/92 is equivalent to providing **at no cost to the public purse** over 2400 general family houses at today's prices.

Coupled with this input to the development programme associations also have made provision from their own resources for £5.7m for cyclical maintenance and £27.6m for major repairs.

## **5. PROFITS OR SURPLUS**

In accordance with Article 15 (2) of the Housing (NI) Order 1992 a registered housing association must not trade for "profit". This does not mean that an association should operate at a loss. An association running a deficit would be severely limited in its ability to attract and use private finance. Associations are expected to break even at a minimum. The practicality is that associations are required to generate a surplus.

## 5.1 Distinction between Profits and Surpluses

The disposal of any surplus must not be for the benefit of the shareholders. The Association is free to use its surplus on the furtherance of the aims and objectives of the organisation.

Private profit on the other hand is the seeking to maximise the excess of income over outgoing for personal gain.

## 5.2 Disposal of Surpluses

An analysis of associations' financial statements (excluding the Northern Ireland Co-ownership Housing Association) gives an indication of the nature of associations' finances.

This analysis shows a **cash** figure of £46.5m but this must be viewed in the context of £44.9m due to creditors and falling due for payment within one year and an annual turnover of £51m. A significant proportion of these monies are accounted for by the working capital required to fund a £95m annual building programme and a £7m annual maintenance programme.

Associations **designated reserves** of £48.9m comprise monies set aside for specific purposes e.g. major repairs sinking fund of £27.6m and a maintenance reserve of £5.7m. The designated reserves will be transferred back in the future to cover expenditure for these purposes.

Although some £155m of private finance has been raised by registered Housing Associations since 1991/92 only £51m of this has been by way of private loans. The bulk of the balance of £104m is financed by associations' surpluses.

## 6. GOVERNANCE OF REGISTERED HOUSING ASSOCIATIONS

Governance is defined as the system by which organisations are guided, directed and controlled at a strategic level. It is an issue that has been the subject of a number of Inquires in recent years over the full spectrum of business: -

- the Cadbury Report (on the Financial Aspects of Corporate Governance) December 1992.

- the Greenbury Report (on directors' remuneration) 1995.
- the Hampel Committee Preliminary Report (August 1997) on corporate governance.
- the Hampel Committee Final Report (January 1998).
- the Hancock Report (applying Cadbury to Housing Associations in Great Britain) (1995).
- the Nolan Committee's Reports on Standards in Public Life.

Registered Housing Associations (RHAs) are non-profit making organisations controlled by an elected Committee of Management. Only members i.e. shareholders are eligible to become **full** Committee members. Shares are available to the public for a nominal fee of £1.

All RHAs in Northern Ireland are required to lodge a set of governing rules with both the Registrar of Credit Unions and the Department for Social Development prior to registration. Following registration these rules may not be amended without the prior approval of both the Registrar and Department.

RHAs are required to comply with all applicable legislation along with any guidelines, determinations etc issued by the Department for Social Development. RHA Management Committees are required by their rules to meet for a specified minimum number of occasions each year, typically 3 to 4 times with an Annual General Meeting open to all shareholders being held each year.

Members of Management Committees are elected by shareholders at an Annual General Meeting although shareholders can be co-opted between AGMs if it is necessary to fill vacancies etc.

## **6.1 The Hancock Report**

The first meeting of the National Federation of Housing Associations (NFHA) Governance Inquiry Panel was held on 24 June 1994 under the chairmanship of Sir David Hancock. The Inquiry was the means by which NFHA sought to apply to the housing association movement, the findings of the Cadbury report on business. In 1995 the Inquiry produced a Code of Governance for adoption by the non-profit making Housing Associations in GB. The Department for Social Development subsequently instructed RHAs in Northern Ireland to follow the Code.

## 6.2 The Nolan Committee's Second Report on Standards in Public Life

The Nolan Committee's affirmations on standards in public life are the benchmarks by which all public servants are measured. Their second report concluded that Housing Associations in Great Britain are well-regulated and generally well run. It pointed out that associations have themselves examined their governance and produced new codes of practice but it recommended that they pay particular attention to securing genuine tenant involvement and to improving accountability through membership schemes.

### **The main recommendations of the report as far as Housing Associations are concerned are:**

- **R36.** Housing Associations receiving public funds should be expected to secure tenant involvement in housing management, and external restrictions on the composition of boards should be avoided wherever possible.
- **R37.** Housing Associations should be encouraged to develop membership schemes as a means of increasing accountability.
- **R38.** The housing regulators should continue to be concerned as much with proper conduct as with financial probity, and should not hesitate to intervene to secure this.
- **R39.** No general change in the practice that chief executives of Housing Associations are not board members is necessary, but regulators should be prepared to approve rule changes, which permit this in individual cases.
- **R40.** Section 15 of the Housing Associations Act 1985 should be retained, but responsibility for granting exemptions should be fully devolved to the regulators. The corresponding Northern Ireland legislation is Article 31 of The Housing (Northern Ireland) Order 1992. This is the legal embodiment of the good reputation of the housing association movement and is designed to prevent committee members, officers or staff from abusing their position.
- **R41.** Safeguards designed to prevent conflicts of interest when staff leave should now be introduced not only by the Housing Corporation, but also by all executive and other non-departmental public bodies which are regulatory or funding bodies. It should be clearly understood that such rules are not designed to prevent movement between bodies.

- **R42.** The Housing Corporation, Scottish Homes and Tai Cymru should publish more information on their regulatory activities, and in particular they should publish reports on regulatory interventions in individual cases where serious mismanagement or fraud has occurred.
- **R43.** The housing regulators should pay especially close attention to the stewardship of LSVT Housing Associations, and of others which are monopolistic suppliers in specific localities.

In view of the similarity of organisation, funding arrangements and legislation applying throughout the United Kingdom the majority of the findings of Nolan have direct read across application to Registered Housing Associations in Northern Ireland.

## **7. ACCOUNTABILITY**

**Registered Housing Associations are accountable to a wide variety of stakeholders including:**

- The Northern Ireland Assembly, its Ministers and Committees (in particular the Social Development committee)
- Tenants and prospective tenants
- The General Public
- Registrar of Credit Unions
- Shareholders
- Planning Service
- Local Councils
- Statutory Agencies
- Voluntary bodies such as Women's Aid and PRAXIS
- Suppliers
- Contractors
- Consultants
- Lenders
- Staff

In the Centre for Voluntary Action Studies Report, Board Members considered themselves most definitely accountable to the following groups: -

**tenants at 66 %,  
central and local government at 56% each and  
the community at 44%**

## **7.1 Audit Requirements for Registered Housing Associations**

Associations have audit accountability to the Department for Social Development. The demonstration of this accountability is the statutory role for the Department contained in Article 19 of the Housing (Northern Ireland) Order 1992. This gives the Department power by Order to specify the information that must be shown in the annual accounts and provides that the auditor's report must state whether the accounts comply with these requirements. The Article also requires each association to supply the Department with a copy of the accounts and the auditor's report within 6 months of the period to which they relate. Article 20 provides for proceedings against each of those concerned with the conduct and management of an association and in that capacity responsible for the preparation and audit of accounts if Article 19 is not complied with.

The Code of Audit Practice for Registered Housing Associations issued by the Department advises associations on the Department's requirements and recommendations for effective audit coverage. This includes the discharge of their responsibilities for the appointment and continuing working relationship with external auditors. It also sets out the minimum requirements for external and internal audit coverage relating to the maintenance of effective internal control and management systems and the broad framework in which they should operate.

## **7.2 Audit Requirements For Industrial And Provident Societies**

Articles 35 to 58 of the Industrial and Provident Societies Act (Northern Ireland) 1969 set out the form and content of the accounts, registers, books etc to be held by an Industrial and Provident Society. Article 48 of the Act specifies the content of the annual returns relating to the society's affairs to be returned to the Registrar each year.

Regulations with which associations must comply include: -

- the Industrial and Provident Societies Act (Northern Ireland) 1969

- the Housing (Northern Ireland) Order 1992
- the Registered Housing Associations (Accounting Requirements) Order Northern Ireland 1993
- the Statement of Recommended Practice (Accounting by Registered Housing Associations) issued by the National Federation of Housing Associations in March 1999
- the Housing Association Circular HAC 10/96 (Internal Financial Control and Financial Reporting).

### **7.3 Statement of Recommended Practice (Accounting by Registered Housing Associations)**

Every registered Housing Association must prepare annual audited accounts in accordance with the Statement of Recommended Practice (Accounting by Registered Housing Associations) commonly referred to as the SORP. The accounts must contain an auditor's report that includes a statement if the accounts have not been prepared in accordance with the requirements of the SORP. A qualified auditor must have audited the accounts.

### **7.4 Potential Future Developments**

Following consideration of SAS 610, (Statement Of Accounting Standards) the Auditing Practices Board (APB) has concluded that it should be extended to address communications with directors concerning auditor independence and objectivity, audit planning and the findings from the audit. The APB has issued an exposure draft to comply in all material respects with the new International Standard on Auditing 'Communication of audit matters with those charged with governance' and to reflect other relevant international developments.

It is envisaged that the description of essential procedures should address how committee members review the effectiveness of the system of internal financial controls.

These controls are summarised as:

- (a) Steps taken to measure an appropriate control environment, (e.g., clear management responsibilities in relation to internal financial control);

- (b) The process used to identify major risks (including optionally a brief explanation of the major financial risks identified),
- (c) How they are addressed (e.g., committee review of the risk implications of treasury products);
- (d) The major information and control systems that are in place (e.g., annual budgeting, monthly reporting and comparison with budgets and forecasts);
- (e) The monitoring system (e.g., the role of the audit committee, management reviews, internal audit functions and/or reports from independent consultants)

## **8. REGULATION**

The Department for Social Development carries out a statutory regulatory function on behalf of the Government. Listed overleaf are the primary means through which regulation and monitoring are achieved.

<b>Monitoring Activity</b>	<b>Frequency</b>	<b>Results</b>
<p><b>8.1 Registration</b></p> <p>The registration of new associations.</p>	<p>At the point of application for registration.</p>	<p>The applicant must meet the published criteria for registration, except in exceptional circumstances.</p>
<p><b>8.2 Scheme Approval</b></p> <p>Schemes submitted for approval must conform to the requirements of the Housing Associations Guide.</p>	<p>When any scheme is submitted for approval.</p>	<p>The association must be able to certify that the scheme complies with published procedures, that the need is supported by the NIHE and that the scheme represents value for money.(see also 8.5)</p>
<p><b>8.3 Performance Returns</b></p> <p>Performance documentation issued by and returned to Department. Desktop reviews undertaken;</p>	<p>Annually.</p>	<p>Associations which do not meet the Department's performance standards are visited to establish a programme for improvement.</p>
<p><b>8.4 Investigation/Verification Visits.</b></p> <p>Verification and investigatory visits are carried out following return of performance documentation;</p>	<p>Investigatory visits on an "as needed" basis. (See 8.3 above). Approximately 25% of those not subject to a verification visit within the previous 2/3 years. Thus all associations will be subject to a verification visit every 2/3 years.</p>	<p>Outcome of each investigatory visit will be an improvement plan.</p> <p>Outcome of verification visit must be either confirmation of standards or a full investigatory visit.</p>

<p><b>8.5 Scheme Audits</b></p> <p>Undertake scheme audits - the process by which the Department checks the validity and accuracy of the certifications given by an association as part of the scheme work procedures. (See 8.2). The Department also monitors the consistency of the housing produced with the Department's Design and Contracting Requirements</p>	<p>Every association engaged in the development programme has been subject to an audit over the previous 3 years.</p> <p>The new audit cycle has commenced during which each association in the programme will again be visited.</p> <p>Maintenance procedure and major repairs will also be inspected during this series of audits thereby ensuring all associations are subject to the audit process.</p>	<p>Any shortcomings are brought to the association's attention for action. In serious cases associations are re-visited.</p> <p>The Department can refuse an association access to funding for its development programme until shortcomings are rectified.</p> <p>As part of its Public Accountability policy the Department has prepared a report on its findings during the first audit cycle.</p>
<p><b>8.6 Performance Indicators</b></p> <p>The operation and development of performance indicators is now standard business practice;</p>	<p>Collected annually and includes the following;</p> <p>% Rent Collected (Rent received as percentage of rent collectable).</p> <p>% Rent Arrears (Total rent arrears as percentage of rent collectables).</p> <p>% Rent Losses (Rent Losses as percentage of rent collectable).</p>	<p>In keeping with the Nolan Committee's recommendations and in particular number 42, the PIs provide a mechanism for greater accountability of Housing Associations towards their customers.</p>

	<p>% Units not available for letting.</p> <p>% Units available for letting but vacant</p> <p>Service Cost as % of Service Charges.</p> <p>Management Costs per unit.</p> <p>Maintenance Costs per unit.</p> <p>% Emergency repairs completed on target.</p> <p>% Urgent repairs completed on target.</p> <p>% Routine repairs completed on target.</p> <p><b><u>Average Rents</u></b></p> <p>One Bed Decontrolled Rehabilitated (Rehab)</p> <p>One Bed Controlled (Rehab)</p> <p>One Bed Decontrolled (NB)</p> <p>One Bed Controlled (NB)</p> <p>Two Bed Decontrolled (Rehab)</p> <p>Two Bed Controlled (Rehab)</p> <p>Two Bed Decontrolled (NB)</p> <p>Two Bed Controlled (NB)</p>	<p>The collection and dissemination of the performance indicators empowers tenants and their representatives to call associations to account for their performance. The forthcoming inclusion of the indicators on the Departments website will distribute this information on an improved basis by issuing it by association and not by peer group.</p>
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<p><b>8.7 SNMA Audits</b></p> <p>The introduction and implementation of special needs management allowance audits;</p>	<p>On “as needed” basis. Associations must seek approval annually for SNMA on the basis of meeting the published criteria for access to the allowance.</p>	<p>Either the scheme meets the published criteria or the application is refused.</p>
<p><b>8.8 Financial Assessments</b></p> <p>Associations financial accounts are reviewed and assessed against the Statement of Recommended Practice (SORP 2) and reasonable financial achievements;</p>	<p>Quarterly and annual.</p>	<p>Failures to comply with the SORP or to achieve an acceptable level of fiscal security will be taken up with the association until resolved.</p>
<p><b>8.9 Complaints Service</b></p> <p>Complaints by an applicant or tenant who feel that they have been unfairly treated are investigated under the Housing Associations Complaints Service. (This is the equivalent of the Independent Housing Ombudsman Scheme. (IHOS) in GB.)</p>	<p>On receipt of a complaint by an applicant or tenant.</p>	<p>The outcome can be the resolution of the complaint to the satisfaction of either party, a finding for the complainant, or the rejection of the complaint. The Department may recommend appropriate action to be taken and grant a conciliatory award if appropriate. The Department will also consider whether there have been failings in the services provided and if so seek improvement.</p>

## **9. THE HOUSING PROGRAMME**

Since 1996 the Housing Executive has prioritised the projects for inclusion in the social housing programme. The programme consists of schemes generated through Housing Association bids for funding from the Department and schemes transferred from the Executive's former new build programme.

Each year the Executive publishes The NI Housing Market Review and Perspectives, which guides its intervention in the housing market. The Executive's key purpose is to ensure those housing programmes are targeted at those individuals and areas in greatest need. In 2000/01, for example, the target was to direct 50% of resources into urgent general needs housing, 20% into redevelopment, 20% into supported housing and 10% into rural housing.

On receipt of bids from Associations, the Executive prioritises each scheme on the basis of projected housing need in each of its Local Housing Areas. Projects so selected appear in the Department's 3 year rolling programme for delivery by the Housing Association Movement.

### **9.1 Approving the Schemes**

The Department, through its Housing Associations Branch, assesses schemes against technical and value for money criteria. A level of grant is agreed before approval stage. Typically, family housing will be grant aided at around 60% of the scheme cost, with Associations themselves providing the remaining 40%, through their own reserves or by borrowing from the private sector. Projects for people with special needs are 100% grant aided.

### **9.2 Managing the programme**

The Department, through its Housing Associations Branch, is responsible for in-year management of the social housing programme. It controls delivery to achieve pre-set physical and financial targets.

## **10. ALLOCATION OF HOUSING**

The Common Selection Scheme and waiting list system for the allocation of all dwellings,

which was developed jointly by the Department for Social Development, NIHE and Housing Associations, became operative on 1 November 2000.

It is intended that this new system will improve the opportunities for the people in Northern Ireland to obtain housing, reduce bureaucracy and minimise the number of vacancies.

### **10.1 The former allocation procedure**

Before the advent of the common selection scheme and waiting list, all associations were required to allocate their dwellings on the basis of a selection scheme approved by the Department. In effect a number of associations were fully integrated into the Executive's allocation scheme and therefore allocated directly off the Executive's list. Others operated their own list but used the Executive's scheme to assess their applicants. During monitoring visits the Department routinely inspected a sample of allocations and all the evidence to date has been that associations have allocated to those applicants in greatest housing need on their lists.

### **10.2 The New Arrangements**

With the full introduction of the Common Selection Scheme all permanent allocations will be made off the waiting list held by the Executive, whose staff carry out the assessment of need before an applicant is placed on the list.

If an association allocates any of its properties on a temporary basis it must be in a position to defend its actions. All temporary allocations must be reported to the Department on a quarterly basis. The Department will monitor the temporary allocations and reserves the right to carry out inspections to verify the information provided. A temporary allocation is one where the landlord does not intend that the tenant or licensee remain indefinitely even when he or she complies with the other terms of the agreement.

The spread of local landlords covered by the new selection and allocation arrangements will help to introduce a greater focus on quality of service in order to make best use of the stock. This is in keeping with the promotion of competition as a business improvement tool.

## **11. TENANTS RIGHTS**

The Housing (NI) Order 1983 provides secure tenants of registered Housing Associations with a code of statutory rights (the Tenants Charter) and requires associations to supply those tenants with information about their contractual and statutory rights and obligations. The rights of secure tenants include:

- Security of tenure, subject to the association being able to regain possession on certain defined grounds.
- The right of a widow, widower or resident member of a family to succeed to the tenancy on a tenants death.
- The right to take in lodgers.
- The right to sublet part of a home with the association's written consent.
- The right to improve a home with the association's written consent.
- The right to information about their rights under the Charter, the terms of their tenancy agreements and the arrangements for varying them.
- The right to information about allocation transfer and exchange rules.
- The right to be consulted about matters affecting their homes or tenancies.
- The right to quiet enjoyment of one's home.

### **11.1 Tenants Right To Buy Their Own Homes**

Housing Associations as independent voluntary I&P Societies customarily with charitable status are free to determine their house sales policies. 17 of the 39 "building for rent associations" operate a house sales scheme similar to that in place for Housing Executive tenants.

The 22 associations, which do not operate a sales policy, have 4008 self-contained units. Approximately half would be excluded from the sales schemes. This is as against a total self-contained stock of 21,284 units at 31 March 2000.

### **11.2 Planned New Rights**

It is intended to make provision in the next Housing Bill to give tenants of registered Housing Associations:

- the right to buy their homes on the basis of that currently granted to Housing Executive tenants.
- access to the Northern Ireland Ombudsman (Assembly Ombudsman for Northern Ireland).

### **11.3 Tenant Participation and Best Value**

Housing Associations are required to aim to achieve Best Value. They will have a set of objectives, which are achieved through a number of key processes.

**These objectives will seek to:**

- strengthen the influence of residents over the design and delivery of the services they receive.
- deliver high quality and cost effective services.
- achieve continuous improvement in the services delivered to residents and others.

**The key processes will involve:**

- comprehensive service reviews.
- the preparation of service statements.
- the production of performance plans and performance reports.

Residents, as independent, well-informed partners, must be able to share power and decision-making if the Association is to achieve Best Value.

### **11.4 Standards For Tenant Participation**

As a minimum for all associations, the objectives of performance assessment in this area

will be to:

- ensure that all statutory obligations are met and that minimum standards of performance are achieved
- provide a framework whereby all associations and their residents can achieve the level and type of participation that best suits their local circumstances
- ensure that all associations have policies for achieving effective accountability to residents which are regularly reviewed and which detail the association's objectives on the provision of information, consultation, participation, influence, complaints and redress
- agree annually, individual standards of performance with each association, against which performance will be assessed, to ensure continuous improvement.

### **11.5 Tenants Guarantee**

The Tenants Guarantee, which was issued by the Department in 1992, is a statement of the principles which housing associations registered with the Department should practice and the minimum standards which they should achieve in the interests of applicants for, and residents in, their accommodation. The Guarantee is currently being updated.

## **12 ROLE OF THE NORTHERN IRELAND CO-OWNERSHIP HOUSING ASSOCIATION (NICHA)**

**NICHA** operates a scheme, which is aimed at providing those on low incomes with an opportunity to gain a foothold on the home ownership ladder.

Since its inception in 1978 it has enabled over 15,000 participants, who might otherwise have sought accommodation in social housing, to become homeowners.

It is the only Northern Ireland Housing Association involved in Do It Yourself Self Ownership (DIYSO). Under the current funding arrangements the Department provides NICHA with funding of some £5m per annum in the form of Housing Association Grant (HAG). Its actual level of activity, however is approximately £12m, the balance being made up from its reserves and from some private borrowing when necessary. In real terms this

represented, in the 1999/2000 financial year, 246 acquisitions using HAG and 341 acquisitions using its own resources.

Approximately 550 participants buy out their share each year. This brings in receipts of around £7m per year in the form of HAG repayments. These are made on a monthly basis as properties are sold off to participants. Long term loans, which emanate from a previous funding structure, are repaid every six months.

The receipts raised are held within the housing programme and used to support the general housing association programme.

### **13. ROLE OF THE NORTHERN IRELAND FEDERATION OF HOUSING ASSOCIATIONS (NIFHA)**

**NIFHA** is the main umbrella group for registered Housing Associations in Northern Ireland. It provides a wide range of services including advice to the voluntary housing movement and community sector.

#### **The main functions of NIFHA are to:**

- represent Housing Associations to all those in a position to influence their future and in particular relevant statutory bodies and Government Agencies;
- provide general research and information;
- provide training and advice to associations and staff through conferences, seminars, workshops and publications;
- manage the Northern Ireland Continuous Recording (NICORE) System;
- provide a policy development facility for the Federation.

As an independent body, NIFHA aims to increase the awareness of associations as to their rights and responsibilities in order to facilitate their effective participation in addressing their communities' housing related needs.

NIFHA's representational role facilitates the Department in fulfilling its statutory obligation to consult with such bodies as appear to it to be representative of Housing Associations. In addition the Federation is the main contact point for new enquiries from bodies or

individuals who wish to know more about voluntary housing either from the point of view of establishing a new association or of making contact with appropriate associations providing a particular type of housing.

The Federation also represents associations in the important relationship with the Housing Executive, especially through a Liaison Group where issues of mutual interest are addressed. This group is also involved in developing **(1)** the Housing Market Review and **(2)** a strategic approach to the planning and provision of special needs housing.

The current staffing level at the Federation's office in Belfast is five (including 1 part-time). Chris Williamson is the Director. The (unpaid) Chairman is currently Mr John Gill (a committee member of Dungannon & District Housing Association) who was elected for a 2 year period by the NIFHA Council at its Annual General Meeting in 1999.

The Vice Chair is Miss Jean Fulton, Chief Executive of BIH Housing Association.

NIFHA seeks to ensure that Housing Associations are assisted, encouraged, and developed, so that they can:

- Deliver the Housing Development Programme approved by the Department;
- Contribute in a meaningful way to the consultation process when legislation and strategic policies are being formulated; and
- Participate fully with the Department in the development and monitoring of those operational housing policies, programmes, services and standards which affect their functions.

The Department:

- Grant aids NIFHA.
- Liaises and engages it in consultation on housing matters.

- Encourages interest in the work of the voluntary housing movement.

#### 14. **THE WIDER DIMENSION**

The voluntary housing movement has a commendable record of accomplishment in innovation and modernisation in its policies and practices.

The modern movement has produced advances such as:

- Shared equity arrangements under the co-ownership scheme allowing home buyers to buy a minimum of 50% of their home and rent the other part to be bought when the new homeowner can afford to.
- Rent and save, rental subsidies and self- build schemes of the mid '60s which enabled tenants to purchase their own homes.
- Housing with care schemes.
- The Helpline facilities.
- Barrier free development
- Lifetime Homes

Today Housing Associations are:

- Establishing a network of housing and care service providers aiming to create training and employment opportunities and working at a trans-national level. The Novas-Overtures Group, which is looking to broaden its membership already, has members in Scotland, England, Northern Ireland and the Republic of Ireland.
- Expanding into the Republic of Ireland as BIH has done in establishing BIH Ireland in County Meath or assisting in the formation of separate structures as North and West Housing Association has done in aiding the development of Northwest Housing Association in County Donegal.
- Piloting the development of Foyers which focus on helping disadvantaged young people aged 16-25 who are in housing need achieve the transition from dependence to independence. Foyers offer integrated access to affordable accommodation, training, guidance, personal development and job searching facilities.

- Piloting the development of housing for the travelling community by developing 2 schemes in Belfast, 1 in Omagh and 1 in Magherafelt/Toomebridge.

## **15. THE SOCIAL ECONOMY**

### **15.1 Definition**

In the European Union context the Social Economy is defined as - Co-operatives, Associations, Mutuels and Foundations.

The Social Economy is seen as a major source of jobs and a practical and meaningful process for addressing the issues of long-term unemployment and social deprivation.

### **15.2 Significance in Northern Ireland**

In Northern Ireland terms research has shown that:

- Over 18000 people are involved as staff, volunteers or members in Community Enterprises.
- 12% of Community Enterprises employ over 40 people.
- In 97/98 the annual turnover of the sector was £48m.
- Housing Associations have over 20000 properties valued at £731m.
- Almost 1/3 of the population, some 1/2 million people, belong to a Credit Union.

### **15.3 Government's view**

The Department of Enterprise, Trade and Investment has expressed the view that the Social Economy has an important and valuable role to play in creating the conditions for local social and economic development to counteract social issues such as long term unemployment and social exclusion.

#### **The social economy signifies:**

- Economic activity and job creation.

- Local ownership and empowerment.
- Combined financial and social profits.

#### **15.4 The Housing Contribution**

Housing is an essential area in the Government's agenda for tackling disadvantage and social exclusion.

**In the wider social context, housing is central to the Government's aims:**

- to give people a decent quality of life,
- to promote individual and community wellbeing of the people of Northern Ireland through integrated social and economic action.
- to involve them and give them control over the way they live and their standard of housing.

#### **15.5 The Role of Housing Associations**

In keeping with **DSD's** Corporate Objective 6.2 to develop policies, strategies and action programmes to target the social need of individuals, in groups and areas in Northern Ireland in greatest need, housing association activity helps to meet the housing needs of special needs tenants within the community involving over 3300 lettings per annum to this group.

The range of tenancies supported includes:

- 172 with learning difficulties.
- 1190 homeless.
- 938 single parents many of who have suffered domestic violence.
- 255 recovering alcoholics and addicts
- 416 mentally ill
- 148 ex-offenders
- 228 Physically disabled

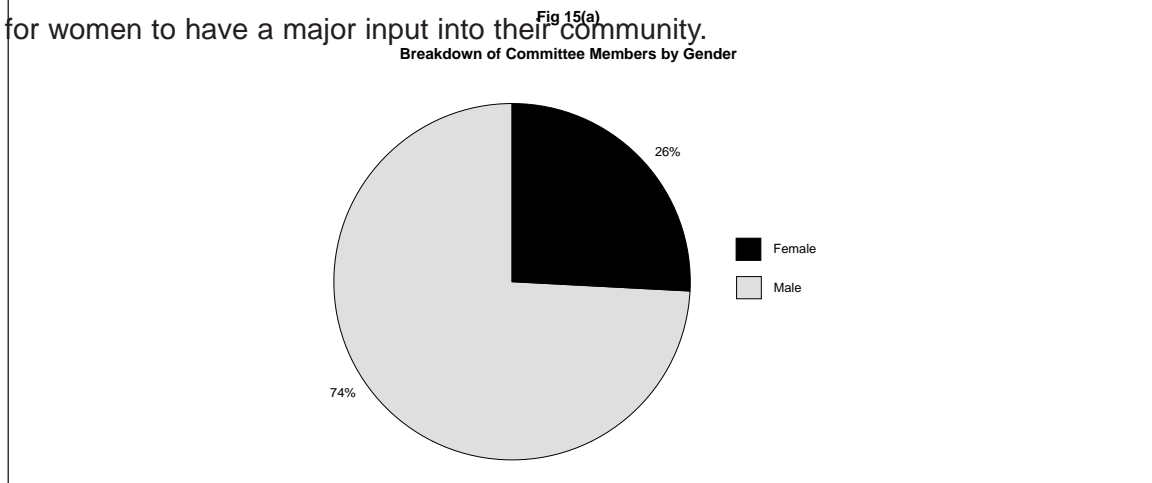
- 12 Aids Victims

**3359 TOTAL**

**In Northern Ireland:**

- Housing Associations have 1558 paid staff
- 8% of associations employ over 100 people
- 27.5% employ 10 or over;
- in 1999/2000 the annual turnover of the sector was almost £71m.

As can be seen from **Fig 15(a)** below, Housing Associations have provided an opportunity for women to have a major input into their community.



**16. ASSOCIATION STOCK LEVELS AT 31 MARCH 2000**

<b>Association</b>	<b>S/C Units Owned</b>	<b>Bedspaces Owned</b>	<b>Total Stock</b>
Abbeyfield	0	161	161
Ark	199	0	199
Ballynafeigh	217	0	217
Baptist	257	0	257
Belfast Community	329	0	329
BIH	2,599	205	2,804
Broadway	6	78	84
Choice	219	66	285
Clanmil	1,052	52	1,104
Clonard	39	0	39
Connswater	412	0	412
Coral Crescent	14	0	14
Corinthian	241	0	241
Covenanter	24	14	38
Craigowen	0	358	358
Donacloney	68	0	68
Dungannon & District	225	37	262
Filor	322	0	322
Flax	177	0	177
Fold	2,759	164	2,923
Gosford	124	0	124
Grove	252	0	252
Habinteg	837	236	1,073
Hearth	107	0	107
Larne & District	242	0	242
Malone	88	17	105
Newington	162	29	191
NI Co-ownership Housing Association Ltd	4,218	0	4,218
North & West Housing	1,203	350	1,553
North Belfast Mission	97	39	136
Oaklee	2,192	533	2,725
Open Door	276	113	389
Presbyterian	571	0	571
Rural	158	0	158
South Ulster	689	0	689
St Matthews	156	0	156
SHAC	141	864	1,005
Triangle	73	160	233
Ulidia	164	300	464
Woodvale & Shankill	375	0	375
	<b>21,284</b>	<b>3,776</b>	<b>25,060</b>

Before a Housing Association can obtain access to Government funding it is required to register with the Registrar of Credit Unions as an Industrial and Provident Society and then with the Department for Social Development for Northern Ireland.

The Housing (Northern Ireland) Order 1992 requires the Department to maintain a register of Housing Associations. The Order also requires the Department to establish criteria to which the Department is to “have regard” in considering applications for registration.

Before a submission for registration with the Department can be considered, these criteria, known as “the Criteria for Registration of a Housing Association” must be met.

The requirements are set out on the following pages: -

<b>CONTENTS</b>	<b>1</b>	Statutory Requirements.
	<b>2</b>	The Proposed Role of the Association.
	<b>3</b>	Control of the Association.
	<b>4</b>	Financial Requirements.
	<b>5</b>	Managerial Efficiency.
	<b>6</b>	General Conduct.
	<b>7</b>	Equal Opportunities.
	<b>8</b>	Other Requirements.
	<b>9</b>	Statutory Requirements.
	<b>10</b>	Summary of Relevant Legislation.

## CRITERIA

### Introduction

In exercise of the powers conferred by Article 16(2) of the Housing (Northern Ireland) Order 1992 ("the 1992 Order"), the Department for Social Development ("the Department") has varied the criteria which should be satisfied by a housing association seeking registration with the Department. The revised criteria, which came into operation on 21 April 1995, are as follows.

#### 1. Statutory Requirements

The association will be required to fulfil the statutory requirements relevant at the time of registration, the most important of which are set out in Section 9 to these criteria. Section 10 is a summary of legislation applying to registered Housing Associations.

#### 2. The Proposed Role of the Association

Particularly in the case of a newly formed association, the Department will wish to consider the proposed role and scope of operation envisaged by the association in relation to the housing needs of the area in which it intends to work. This will include the desirability of offering an appropriate range of housing alternatives to the community, the development plans of other associations in the area and the general need to make best use of public funding. The Department will also wish to consider whether registration is an appropriate and cost-effective way for the association to achieve its aims of providing a housing service.

### Guidance Notes

The purpose of these notes is to provide guidance on the facing criteria. The guidance is not definitive, but is a summary of significant points.

Associations that do not appear to satisfy the statutory requirements can contact the Department for advice on the steps that they will need to take.

The form of rules chosen (for example charitable or non-charitable) has significant effects on the activities which the association can undertake on its financial status and on whom it may house. Associations uncertain about the form of rules they should adopt should seek advice from their legal advisers, from an organisation such as the Northern Ireland Federation of Housing Associations or from the Department. These criteria are about the applicant's role as a registered Housing Association in meeting housing need. The association will need to show evidence

of the unmet housing need that it intends to meet, that existing associations do not or could not meet that need in an effective way and that it will be able to do so.

Where appropriate, potential tenants should have been informed and consulted about the association's proposals. Usually, associations will need statements of support from the Northern Ireland Housing Executive or other public bodies (**where appropriate**) and organisations such as tenant bodies and voluntary groups.

The association will need to demonstrate that registration with the Department is necessary to achieve its aims and will be a cost-effective way of doing so. If the same results could be achieved more effectively or economically by remaining unregistered and working in partnership with an existing association, the Department may recommend this, although it recognises that, in some cases, registration may be desirable for other reasons.

Associations intending to serve a particular needs group (e.g. people with a physical or learning disability) will need to present a '**Statement of Need**', demonstrating that the group of people in question are not being served effectively by existing providers of housing.

**They will also need to demonstrate that;**

- their policies in respect of allocating temporary tenancies are fair and based primarily on housing need.
- permanent tenancies are allocated off the Common Waiting List and in accordance with the Common Selection Scheme.

Where associations are planning to use, exclusively or mainly, funding from the Department or other public bodies, they will in general only be registered when the funding is available to enable them to achieve their stated role. Applicants seeking Departmental funding should be aware that bids for funding greatly exceed the money available; only those associations able to provide housing in a cost effective way and meeting clear gaps in the implementation of the Housing Association Development Programme will be able to achieve registration.

### **3. Control of Association**

The association must be under the control of responsible persons of appropriate skills and experience and be organised so as to be an acceptable body capable of handling public finance and the continuing proper stewardship of social rented housing and publicly funded assets.

These criteria are about the association's Committee of Management. The first 2 subparagraphs are of the greatest importance. In deciding what are appropriate skills and experience, the Department will look at the type and level of the association's present and planned activities. It will be essential to have members of the committee with experience in such fields as finance, housing development, housing management or other relevant business or professional experience. Especially in the case of small newly formed associations, the Department will also take into

for committee members; the involvement of another registered association in a supporting capacity; the existence of formal service or development agreements between the applicant and other registered associations and the presence of experienced co-optees on the committee.

**3.1** The rules of the association must provide that the full control of its affairs is vested in a **Committee of Management**. The skills and experience of the persons exercising this control should be such that the affairs of the association are likely to be conducted in a responsible and effective manner.

The association's **Committee of Management**, with any necessary support, must always be fully in control and in position to make properly informed decisions concerning all aspects of the association's business.

**3.2** The Committee of Management must be able to demonstrate that it is neither under the control of, nor subject to, influence which could prejudice its independence from any other person or organisation other than where that organisation is a registered housing association and that in these cases such influence or control operates in the best interests of the association.

In the case of associations formed, sponsored or assisted by an organisation which is not a registered housing association, the Department will generally require that safeguards to ensure the association's independence are incorporated in its rules. These safeguards might for instance restrict the number of present and past employees or members of the sponsoring organisation, who could be members of the association's Committee of Management, to 20% of the total.

**3.3** Persons with whom the association has a contract of employment and their close relatives shall not be members of the Committee of Management of the association.

The association is not prevented from appointing an appropriate employee as its Secretary (usually the Director or Chief Executive). However, he or she may not be a voting member of the Committee of Management. This criterion must be read

account the existence of training programmes

Northern Ireland Order 1992 Determination 1994 made on 30 June 1994 which exempts the employment of employees relatives and re-employment of former employees under specified conditions.

**3.4** The association will be required to demonstrate that there is no duality or conflict of interest between the association and the members of its Committee of Management and their close relatives. After registration, the association is prohibited by Article 31 of the 1992 Order from granting any benefit or payment, except as permitted under statute or by virtue of a determination under Article 31, to its committee members, officers or employees. This extends to any close relatives of these individuals and any business owned or managed by them and will apply for 12 months after they cease to hold office or employment with the association. Subsidiaries of all registered Housing Associations will also be expected to comply with the requirements set out in Article 31.

#### **4. Financial Requirements**

**(a)** The association must be able to demonstrate that it is operating, or will operate, on a sound and proper financial basis.

**(b)** The association must prepare annual budgets, keep proper accounting records, have adequate systems of control (including the production of regular management accounts) and produce annual accounts which have been audited by properly qualified auditors. in conjunction with Article 31(6) Housing

Applicant bodies and the individual members of their Committees of Management must familiarise themselves with the provisions and effects of Article 31 of the 1992 Order and relevant Determinations which the Department might make and ensure that problems or potential problems are resolved before registration. If in doubt, associations should get early advice from their legal advisers and the Department.

**(a)** These criteria are about the need for the association to demonstrate continued financial viability and the strength to cope with financial risks. Satisfying them is key to achieving registration.

**(b)** Newly formed associations, which have not yet traded, will not be able to provide past annual accounts. In such cases, the Department will wish to be satisfied that

**(c)** After registration, the association will be required to produce annual accounts in the format laid down under Article 19 of the 1992 Order, to have those accounts audited by qualified auditors and to submit them to the Department within six months of the end of each accounting period. The association will be expected to require its auditors to conduct audits in accordance with Auditing Standards issued by the Auditing Practices Board.

**(d)** In order to demonstrate its future viability, the association must provide detailed financial projections for at least three years to show that:  
its current and known future commitments in relation to capital expenditure are, or can be, fully financed by loans, grants or other permanent sources of capital;  
its income will be sufficient, having regard to present circumstances and taking one year with another, to meet its outgoing and provisions.

proper arrangements exist (or will exist) to ensure that the association can comply with the financial requirements after registration.

**(c)** This includes the preparation of annual budgets and the monitoring of progress against predictions at intervals specified by the Department. It will be necessary that the association have financial expertise on the Committee of Management and the services of an accountant and auditor with experience of housing association accounts.

**(d)** Financial viability and the strength to cope with anticipated levels of risk are essential prerequisites for registration and it is important for the association to give full details with its application and to submit full budgets and past accounts. Assumptions in the budgets, particularly concerning future income and likely levels of financial risk, should be supported where possible with documentation including copies of any professional advice received. Associations will wish to prepare full business plans and have these professionally validated. This information will be scrutinised by the Department. Associations may be asked to provide further explanatory information. If in the view of the Department, an association does not have the necessary financial strength to achieve registration in its own right, it may recommend that it works as the subsidiary of an existing registered housing association or as a partner until it has

adequate free reserves and proper equity. Financial viability will be of particular importance for associations using or planning to use private finance for the development of schemes or the acquisition of existing stock. Full financial details will be required, including cash-flow forecasts for the period of any loan, together with a copy of the offer of advance from the lending body. If the association is planning to purchase existing housing stock, the Department will wish to see details of how the purchase price of the stock was calculated.

**(e)** Its property equity and available free reserves will achieve a sufficient level for anticipated levels of financial risk.

**(e)** The association must also show how it will meet the likely repair and improvement needs of the stock. Associations showing a deficit, which cannot be funded, will be considered to have failed to meet this criterion. Applicants for registration with plans to participate in development activity, whether publicly or privately funded, should be fully aware of the financial risks involved and will need to discuss their plans with the Department.

**(f)** The association's overheads, e.g. salaries, office accommodation and expenses, must be reasonable having regard to the size and level of activity of the association and must be properly allocated in a consistent manner to its various functions.

**(f)** Clearly most new organisations will not be in a position to satisfy fully this requirement at time of registration, but will need to provide projections over an appropriate period to reach the necessary position.

The requirements for the preparation of accounts are set out in the **Registered Housing Associations (Accounting Requirements) Order 1993 (SR 1993 No 70)**. Associations must ensure that their auditors are familiar with these requirements and that

**(g)** The association will be required to maintain its bank/building society or other accounts in Northern Ireland, unless the consent of the Department has been given.

### **5. Managerial Efficiency**

The Department will take into account the property development, finance, housing management and maintenance skills of associations. Having regard to the size of the association and its present and planned level of activity, an association must be able to show that it has made proper arrangements to ensure the efficient provision, and management to a high standard, of housing, either from its own staff or from other Housing Associations, persons or firms. The applicant will also need to demonstrate that these arrangements are cost effective, are fully under the control of the association's Committee of Management, serve its objectives and the best interests of its tenants and do not restrict its independence.

the records the association keeps contain sufficient information for the auditors to certify a proper apportionment of income and expenditure between the various functions/activities of the association.

**(g)** This will allow the Department to protect the assets of the association more effectively should the need arise.

These criteria cover the need for the association to make proper arrangements to carry out its business in accordance with the Department's published Performance Standards for registered Housing Associations. The way in which this is achieved will vary between associations. In some associations, the Committee of Management may intend to carry out some of the necessary tasks on an unpaid voluntary basis; others will be planning to employ staff; most will have arranged to engage the services of other organisations. In the case of small new associations, it will almost invariably be an understanding of registration that the association does work in partnership with an existing registered association. Agreements should cover at least the more complex areas of work, including development and financial administration.

Associations should ensure that any agreements do not restrict their ability to make free decisions about the best way of carrying on their business. If requested, the Department will be pleased to suggest

suitable partner associations. Full and properly financed training programmes for committee members and staff will also need to be planned and provided for in the budgets submitted.

In all cases associations will be expected to provide a caring and responsive service to tenants in a cost-effective way and in accordance with the terms of the Tenants' Guarantee. The association should provide full details of the arrangements it has made together with copies of any relevant supporting documents.

## **6. General conduct**

The association must be able to demonstrate by reference to its actual or proposed policies, procedures and practices that it will conduct its business in accordance with good practice and will follow guidance and standards as set down or endorsed by the Department, either under its general powers or under specific power conferred by Article 11 of the 1992 Order (the guidance issued under this power is known as the 'Tenants Guarantee'). The issue of such guidance will normally follow consultation with the Northern Ireland Federation of Housing Associations.

These criteria are aimed at ensuring that new associations uphold the high standards and good practice which are now associated with the housing association movement.

Under the 1992 Order the Department has the specific power to give guidance on, inter alia, management and maintenance standards for registered associations. The Department also issues guidance on other areas of work under its general supervisory powers and, depending on the circumstances, usually consults representative bodies before doing so.

As an alternative to issuing its own guidance, the Department may endorse (usually by issuing a Housing Association Circular) guidance issued by other bodies, e.g. the Northern Ireland Federation of Housing Associations or the National Housing Federation.

The association should provide details of its actual or proposed policies and procedures and should indicate which policy documents it has formally adopted. Possible examples

include the NHF Code of Practice and the NHF Standards for Housing Management. Small newly formed associations are not expected to have comprehensive policies and procedures in place at registration but should at least provide such key documents as their allocations policy, equal opportunities policy and tenancy agreements. Larger associations will be expected to provide more comprehensive documentation covering all areas of planned activity.

## **7. Equal Opportunities**

The association must be able to demonstrate that, within the scope of its rules and objects, there will be equality of opportunity for all sections of the community, regardless of age, disability, family circumstances, gender, marital status, race, religion, sexuality, political beliefs or other factors which could prevent the implementation of fair policies and operations. In particular, the applicant must be able to demonstrate that equal opportunities measures will be adopted and implemented. To assist in this process associations must maintain records on policy reviews, training of staff and members of the Committee of Management on a religious and gender basis.

These criteria concern the need for the association to show that, within the scope of its rules and objects, there is or will be equality of opportunity in its policies and operations.

Associations are expected to apply the principles of equal opportunities to all sections of the community. This means that the association's actual or proposed procedures and practices should ensure equality of access and opportunity in all its areas of work, including the employment of staff; the composition of the association's membership and Committee of Management; the purchase of goods and services; the disposal, letting and management of property; and the allocation of resources and delivery of services for which the association is responsible. Associations will be expected to join and participate fully in the system set up by the Northern Ireland Federation of Housing Associations to record and monitor on a continuous basis lettings made by Housing Associations.

Associations catering primarily for a particular needs group (see commentary at criterion 2 above) will be expected to ensure opportunities within the scope of the rules and objects. From 1 November 2000 Housing Associations are required to use the common selection scheme and Waiting List for all allocations made on a permanent basis. The association should provide a copy of an equal opportunities statement formally endorsed by its Committee of Management and appropriate to its level and type of activity. The documents referred to in criterion 6 above should also be aimed at ensuring equal opportunities. Associations, which will be employing staff, will need to adopt formal equal opportunities policies and procedures for recruitment and employment and state this in job advertisements and other published material.

## **8. Other Requirements**

An application for registration must be made on the form (HAR3(NI)) provided by the Department and shall be taken as conveying the agreement of the association:

(a) to ensure that the requirements of these criteria are observed at all times in the future;

If the applicant feels that it can satisfy these criteria a form can be obtained from the Department's Housing Associations Branch.

Continuing compliance with the requirements of the criteria is checked by the Department through its programme of visits to registered associations by Monitoring Staff and by examination of annual returns and accounts submitted by registered associations. Associations are encouraged to review regularly and monitor their performance to determine how well they are achieving their

(b) to comply with the requirements of Article 21 of the 1992 Order, which confers on the Department specific powers to monitor the activities of registered associations;

(c) to allow the Department access at all reasonable times to the accounting and other records, offices and housing schemes of the association and of any subsidiary;

(d) to authorise its auditors, bank, solicitors and any other consultants, agents or advisers to disclose to the Department such information as the Department may require;

(e) to submit within two months of date of issue, an annual return (for 31 March of each year) in such form as the Department may determine, and to validate or substantiate within a reasonable time limit any information provided on the application form or the annual return, and furnish any other information as the Department may require from time to time;

goals (perhaps every year). As a part of this, they should consider whether they still satisfy the criteria for registration.

Associations are expected to co-operate fully with the Department in the exercise of its monitoring and supervisory powers.

It is not the Department's intention to examine or monitor the detailed operation of subsidiaries, which are not registered housing associations, but to have an investigatory safeguard in cases where there may be leakage of public funds in breach of associations' rules or contrary to the purpose for which the funds were allocated by the Department.

The annual return has two parts; the first is concerned principally with Committee of Management details; the second is a statistical return on an association's activities and is used by the Department, for example to produce performance indicators for associations.

(f) to notify the Department of any changes

to the association's rules and to obtain the Department's consent to such changes when required by Section 9 of the Industrial and Provident Societies Act (Northern Ireland) 1969 (as amended by Article 29(6) of the 1992 Order), to notify the Department in writing within four weeks of any changes in the membership of the Committee of Management or in the managerial and executive staff separately identified in the application form (HAR 3 (NI)) or most recently submitted annual return;

(g) to the maintenance at all times of a complete register of all properties in which the association has an interest; and

(h) to observe any procedures or conditions, which the Department may from time to time specify in pursuance of its functions under Article 4 of the 1992 Order to exercise supervision and control over registered Housing Associations.

The Department has a general statutory duty to exercise supervision and control over registered Housing Associations. (This is not the same as the specific power referred to under criterion 6 above to set standards for the management and maintenance of properties). The Department issues such documents as Housing Association Circulars, procedure guides and others under this general duty. Registered associations will automatically receive copies of relevant documentation.

## **STATUTORY**

## **REQUIREMENTS**

Under the terms of Article 3 of the 1992 Order a housing association is defined as a Society, body of trustees or company which is established for the purpose of, or amongst whose objects or powers are included those of, providing, constructing, improving or managing, or facilitating or encouraging the construction or improvement of housing accommodation; and which do not trade for profit or whose constitution or rules prohibit the issue of capital with interest or dividend exceeding such rate as may be prescribed by the Department of Finance and Personnel, whether with or without differentiation between share and loan capital.

To be eligible for registration with the Department a housing association must be a society registered under the **Industrial and Provident Societies Act (Northern Ireland) 1969 (i.e. Housing Associations which are companies or bodies of trustees are not able to register)**.

The association must also fulfil the conditions set out in **Article 15(2) and (3) of the 1992 Order**, which require that the association:

does not trade for profit and is established for the purpose of, or has among its objects or powers, the provision, construction, improvement or management of

- (a) houses to be kept available for letting, or
- (b) houses for occupation by members of the association where the rules of the association restrict membership to persons entitled or prospectively entitled (as tenants or otherwise) to occupy a house provided or managed by the association, or:
- (c) hostels,

**and that any additional purposes or objects are among the following:**

1. Providing land, amenities or services
2. Providing, constructing, repairing or improving buildings for the benefit of the association's residents, either exclusively or together with other persons.
3. Acquiring, or repairing and improving, or creating by the conversion of houses or other property, houses to be disposed of on sale, or lease by equity sharing lease.
4. Constructing houses to be disposed of by equity-sharing lease.

5. Managing houses which are held on leases or other lettings (not being houses falling within **(a)** or **(b)** above), or block of flats.
6. Providing services of any description for owners or occupier of houses in arranging or carrying out works of maintenance, repair or improvement, or encouraging or facilitating the carrying out of such works.
7. Encouraging and giving advice on the formation of other Housing Associations or providing services for, and giving advice on the running of, such associations and other voluntary organisations concerned with housing, or matters connected with housing.

A **housing association** shall not be ineligible for registration by reason only that its powers include power to:

- (a)** acquire commercial premises or businesses as an incidental part of a project or series of projects undertaken for purposes or objects falling within Article 15(2) and (3) of the 1992 Order;
- and**
- (b)** repair, improve or convert any commercial premises acquired as mentioned in subparagraph (a) above or to carry on, for a limited period any business so acquired.

## SUMMARY OF RELEVANT LEGISLATION

The Department's **main functions** in relation to registered Housing Associations are:

- to establish and maintain a register of **Housing Associations (Articles 14-18 of the 1992 Order)**;
- to promote, assist and facilitate the development and proper performance of registered **Housing Associations (Article 4 of the 1992 Order)**;
- to exercise supervision and control over registered **Housing Associations (Article 4 of the 1992 Order)**;
- to make grants **(Article 33 of the 1992 Order)** or loans **(Article 6 of the 1992 Order)** to registered Housing Associations; **and**
- to publish guidance as to the management of accommodation by registered **Housing Associations (the "Tenants' Guarantee") (Article 11 of the 1992 Order)**.

Associations and their professional advisers should also be aware of the legislation relevant to their primary registration with the Registrar of Credit Unions for Northern Ireland and of those Articles in the 1992 Order that are relevant to the supervision and control of registered Housing Associations by the Department:-

- **The Industrial and Provident Societies Act (NI) 1969 (the 1969 Act)** - sets the statutory framework for associations registered with the Registrar of Credit Unions for Northern Ireland;
- **Article 17 of the 1992 Order** - provides that, once registered, an association may only be removed from the Register under certain narrowly defined circumstances;
- **Article 13 of the 1992 Order** - the need for registered Housing Associations to obtain the Department's consent before they dispose of land (this includes taking out a loan on security of land). The requirement extends to land owned by unregistered associations which have received Public grants;

- **Article 25 of the 1992 Order** - the Department's general power to remove a committee member of a registered housing association and appoint a committee member;
- **Section 9 of the 1969 Act (as amended by Article 29(6) of the 1992 Order)** - the need for registered housing associations to obtain the Department's consent to rule amendments;
- **Article 27 of the 1992 Order** - the Department's power to petition for the winding up of a registered housing association;
- **Article 28 of the 1992 Order** - on the dissolution or winding up of a registered Housing Association its net assets must be transferred to the Department or to such registered Housing Association as the Department directs.
- **Article 29 of the 1992 Order** - the need for registered Housing Associations to obtain the Department's consent to amalgamation, transfer of engagements, dissolution or winding up;

**Where the association is a charity, the property can only be transferred to another charity with like objects;**

- **Article 19 of the 1992 Order** - lays down accounting and audit requirements for registered housing associations;
- **Article 20 of the 1992 Order** - the legal duty and liabilities upon each person directly concerned with the conduct and management of the affairs of a registered housing association (and in that capacity responsible for the preparation and audit of accounts) in relation to compliance with Article 19 of the 1992 Order;
- **Article 21 of the 1992 Order** - the power of the Department to monitor registered Housing Associations;
- **Article 23 of the 1992 Order** - the Department's power to conduct an inquiry into the affairs of a registered Housing Association;

- **Article 24 of the 1992 Order** - the Department's power to conduct an extraordinary audit of a registered Housing Association's affairs for the purposes of an Article 23 inquiry;
- **Article 25 of the 1992 Order** - the Department's general powers exercisable as a result of an inquiry or an audit under Article 23 or 24; and
- **Article 26 of the 1992 Order** - the Department's power to direct transfer of land from one registered Housing Association to another.

In addition all associations with charitable status should be familiar with the principles of general charity law.

**The attention of associations is also drawn to:-**

- Articles 30 and 31 of the 1992 Order.
- The Housing Association Grant for eligible Housing Activities General (Northern Ireland) Determination 1992 issued under Articles 33, 35 and 36 of the 1992 Order and describing the principles by which Housing Association Grant is allocated, recovered, etc; and
- the Department's published Performance Standards for registered Housing Associations.

**ANNEX 1**

**TABLE 3.2 (b)**

<b>Housing Associations Committee Members at 31 March 2000</b>			
<b>Housing Association</b>	<b>Total Committee Members.</b>	<b>More than 5 yrs service.</b>	<b>5 yrs. or less service.</b>
Abbeyfield	11	6	5
Ark	8	3	5
Baptist Union	9	8	1
Ballynafeigh	6	6	0
Belfast Community	10	7	3
BIH	11	7	4
Broadway	7	7	0
Choice	13	8	5
Clanmil	12	5	7
Clonard	4	1	1
Connswater	8	6	7
Coral Crescent	7	4	1
Corinthian	7	7	3
Covenanter	13	6	6
Craigowen	10	6	4
Donacloney	7	6	1
Dungannon & District	10	6	4
Flax	6	3	3
Filor	13	7	6
Fold	16	5	11
Gosford	9	9	0
Grove	7	1	6

Habinteg	12	7	5
Hearth	14	9	5
Larne & District	10	8	2
Newington	12	5	7
North & West	8	5	3
North Belfast Mission	10	8	2
Oaklee	18	10	8
Open Door	8	5	3
Presbyterian	8	5	3
Rural	9	5	4
St. Matthews	6	3	3
SHAC	7	1	6
South Ulster	15	13	2
Triangle	11	9	2
Ulidia	8	5	3
Woodvale & Shankill	15	11	4
<b>TOTALS</b>	<b>375</b>	<b>230</b>	<b>145</b>
<b>Percentages</b>		<b>61%</b>	<b>39%</b>

## ANNEX 2

### New Build Units Completed by Housing Associations from 1/1/92 to 31/12/99

COUNCIL AREA	NO. OF SPECIAL NEEDS UNITS*	NO. OF GENERAL NEEDS UNITS*	TOTAL NO. OF UNITS
ANTRIM	14	50	64
ARDS	18	253	271
ARMAGH	54	103	157
BALLYMENA	70	221	291
BALLYMONEY	21	61	82
BANBRIDGE	21	51	72
BELFAST	553	1820	2,373
CARRICKFERGUS	26	106	132
CASTLEREAGH	28	79	107
COLERAINE	57	252	309
COOKSTOWN	58	22	80
CRAIGAVON	31	177	208
DERRY	226	896	1,122
DOWN	20	128	148
DUNGANNON	22	145	167
FERMANAGH	52	187	239
LARNE	0	149	149
LIMAVADY	27	73	100
LISBURN	170	279	449
MAGHERAFELT	0	78	78
MOYLE	8	74	82
NEWRY	87	185	272
NEWTONABBEY	20	298	318
NORTH DOWN	116	269	385
OMAGH	57	193	250
STRABANE	0	98	98
<b>TOTAL</b>	<b>1756</b>	<b>6247</b>	<b>8003</b>

\***SPECIAL NEEDS UNITS** are those provided for people with mental health problems, learning disabilities, physical disabilities and for the homeless, ex offenders and women and children at risk.

\***GENERAL NEEDS UNITS** are provided for families, singles/couples and the elderly.

## ANNEX 3

### REGISTERED HOUSING ASSOCIATIONS AN OVERVIEW

#### **Stock**

- Around 20,000 units of accommodation for rent.
- 53% for families and single people.
- 32% for older people.
- 15% for people with special needs.
- Around 4,400 equity sharing homes.

#### **Associations**

- 40 currently registered (including NICHA).

#### **Size**

- 17 own less than 250 units.
- 6 own more than 1,000 units.
- 10 largest own 71% of total stock.

#### **Geography**

- Found in every District Council area.

#### **Building**

- Around 1,200 units completed in 1999/2000.
- Around 1,100 started in 2000/01
- Around 1,200 units programmed 2001/2002.

#### **Finance**

- **Out-turn** 1999/2000 £58.5 million in grant.
- **Private Loans** 1999/2000 £35.5 million.

Estimate 2000/2001 £55.6 million.

Estimated Private Loans 2000/2001 £ 35 million.

## ANNEX 4

### SAMPLE HOUSING ASSOCIATION RENTS at 31 MARCH 2000.

ASSOCIATION		Decontrolled Rents*		Controlled Rents**	
		Average net rent (rehab)	Average net rent (new build)	Average net rent (rehab)	Average net rent (new build)
<b>BIH</b>	2 Bedroom	£34.41	£39.95	£34.34	£38.52
	3 Bedroom	£41.99	£49.86	£39.15	£48.19
	4 Bedroom	£43.18	£54.14	£42.60	£52.64
<b>Gosford</b>	2 Bedroom	£39.77	£42.99	£33.71	£38.56
	3 Bedroom	£44.77	£50.54		£42.88
	4 Bedroom				
<b>Fold</b>	2 Bedroom		£38.88		£37.79
	3 Bedroom		£46.56		£46.65
	4 Bedroom		£49.31		£49.31
<b>Habinteg</b>	2 Bedroom		£44.27		£40.32
	3 Bedroom		£51.79		£49.28
	4 Bedroom		£53.88		£52.64
<b>Connswater</b>	2 Bedroom	£35.57	£42.30	£34.74	£37.86
	3 Bedroom	£38.55	£49.37	£36.97	£49.28
	4 Bedroom	£42.33	£52.91	£42.56	£51.52
<b>North &amp; West</b>	2 Bedroom	£42.56	£44.80	£42.56	£44.80
	3 Bedroom	£47.04	£50.40	£47.04	£50.40
	4 Bedroom	£51.52	£52.64	£51.52	£52.64
<b>South Ulster</b>	2 Bedroom	£39.75	£42.93	£35.18	£43.71
	3 Bedroom	£43.39	£50.90	£38.30	
	4 Bedroom	£55.06		£43.51	
<b>Ulidia</b>	2 Bedroom	£31.57	£38.79	£33.49	£38.02
	3 Bedroom	£35.29	£51.03	£40.31	£45.22
	4 Bedroom	£47.97	£56.60	£44.58	

<b>Average</b>	2 Bedroom	£37.27	£41.86	£35.67	£39.95
	3 Bedroom	£41.84	£50.06	£40.35	£47.41
	4 Bedroom	£48.01	£53.25	£44.95	£51.75
<b>Differences</b>	2 Bedroom	4.49%	4.80%		
	3 Bedroom	3.68%	5.57%		
	4 Bedroom	6.80%	2.89%		
<b>Average</b>		4.99%	4.42%		

**The Housing Statistics 1999/00** record the average gross weekly income for the period **1996-99** for the north east of England region as £357 for average household of 2.3 persons. The equivalent figures for Northern Ireland are **£349 for 2.8 persons**. The average weekly registered housing association rent in Northern Ireland was **£38.00**. The Housing Corporation quotes the average gross registered social landlord rent in the North East of England as £52.90 falling to £44.30 after restructuring has taken place.

\* Decontrolled rents are those rents set by associations for new tenancies commencing after 16 September 1992.

\*\* Controlled rents are rents for tenancies that commenced before September 1992. They are based on the Northern Ireland Housing Executives Rent Point system.