

Building for the Future, A Voluntary Regulation Code for Approved Housing Bodies in Ireland



Comhshaol, Pobal agus Rialtas Áitiúil
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Foreword



This Government's housing policy places approved housing bodies, AHBs, at the heart of social housing provision in the coming years and I am confident that, given appropriate support, this key not-for-profit sector can expand significantly and play a leading role in the supply of new social housing in the years ahead. Providing measured regulation of the sector is one of the key critical steps in this regard. However this must also be accompanied by capacity-building within the sector, by sustained policy coordination between my Department, the sector and the local authority system, by engagement with new financial models and intermediaries and by supporting predictable funding streams even in a time of great economic stress.

While the sector has developed steadily over the last 20 years it has done so in a relatively low-risk environment of virtually 100% Exchequer funding. Today, at a time of sizable housing demand, economic circumstances dictate that the State has much less money to invest directly in social housing and, if significant amounts of new supply are to be provided, this will mean that the sector will need to leverage State investment to attract additional private financial investment in the sector.

Some of our AHBs have already taken sizable steps in this regard, building on the confidence that lenders have in them as individual organisations. The challenge now is to provide a framework that will enable the sector as a whole to grow, that will provide reassurance to tenants, Boards, investors and the Exchequer that the sector is performing well and is a stable and significant investment area for the years ahead.

This document therefore outlines the building blocks of a statutory regulatory system and provides a context in which individual AHBs can sign up to voluntary regulation and oversight. It sets out key governance, management, measurement and financial principles that will apply to all AHBs to some extent, depending on the size, scope, risk-level etc of the individual AHB.

This document will evolve over the next two years as my Department, the AHB sector, and external stakeholders will work together to refine its content to produce the optimal regulatory framework for the Irish context. While this Regulation Code is voluntary, at this juncture, I urge all AHBs to sign up to it, to engage with my Department and other stakeholders and to influence the final shape of statutory regulation of the sector. Indeed, my Department has already commenced discussions with partners specifically on the financial aspects of regulation and I expect to publish the outcomes of those discussions later in the year. I hope that this specific financial work-stream will allow AHBs to sign up to deeper voluntary regulation on financial issues also.

It is imperative that we maintain a focus in this initiative on the tenant, the person whose housing need is met by the AHB sector. Experience elsewhere has shown that engagement with tenants regarding the operation of AHBs leads to positive outcomes and I would like to engage with the sector over the lifetime of this Voluntary Regulation Code on how best to address this in a statutory regulatory system.

Engagement with this regulatory process will be an important determinant in all funding and strategic decisions by the Department from this point on. At a time when the social housing budget is dramatically reduced it is imperative that we focus our resources on those organisations that are committed to best practice and that have a long-term commitment to maintaining and growing social housing supply. However, I recognise that individual AHBs may be at varying stages of preparedness for this regulated future and I will work with the sector, via representative organisations, to develop tools, training and other assistance to meet the challenges ahead.

The road ahead is challenging but, working together, I am convinced that the AHB sector will play a critical and greatly expanded role in meeting the housing requirements of those most in need in our society. The sector has demonstrated its commitment to that end over the last generation and I look forward to strong engagement, innovation and real supply growth in the years ahead.



Jan O'Sullivan T.D.,
Minister for Housing and Planning,
Department of the Environment, Community and Local Government



1. Background to the consultation document

Purpose of this document

Approved Housing Bodies (AHBs) have a strong track record in the provision of social housing with over 27,000 units provided to date. The national Housing Policy Statement¹, published in June 2011, places AHBs at the heart of the Government's vision for housing provision. Better regulation of the sector is a key element of this new role, necessary to access non-Exchequer funding and also to ensure that AHBs are providing the best service possible to those they serve.

This Voluntary Regulation Code (VRC) is a stepping stone to a legally binding statutory regulatory framework and it is intended that it will be reviewed during its lifetime, and amended as necessary, in order to provide the best possible foundation for statutory regulation. The Department will work with the sector to maximise engagement with the VRC and VRC-adherence will be connected to all future funding decisions. AHBs who sign up to the Voluntary Regulation Code will do so by submitting a signed Charter of Commitments (page 11-12) to the Department and those AHBs signing up to the VRC will be listed on the Department's website.

Appended to this VRC is a range of supporting material/ guidance that may be of assistance to AHBs in considering how they can ensure they meet the requirements of the VRC. Taken together, the VRC and appendices give a clear indication as to the likely focus of future statutory regulation and provide an opportunity for partners to engage with, and influence the final shape of, AHB regulation in Ireland.

Why regulate AHBs?

Regulation, if done well, is positive for AHBs, their tenants, potential investors and other stakeholders. It is intended that the regulatory framework will:

- Provide assurance to tenants, Boards, Government and potential investors that the AHB sector is stable and well-regulated,
- Safeguard public investment in the sector,
- Encourage private investment in the sector,
- Encourage long-term strategic thinking and facilitate collaboration, alliances and mergers within the sector,
- Help AHBs to manage risk and to focus on achieving best outcomes for tenants,
- Protect and advance the rights of existing and future AHB tenants in terms of openness and accountability,

¹ www.environ.ie.

- Demonstrate that the Government is delivering on its key housing policies and priorities, and
- Contribute to the overall sustainability of the sector

Experience elsewhere has shown that well-designed regulation can foster stakeholders' confidence in the sector and create an environment that encourages growth and innovation. At a practical level, good regulation will lead to lower lending costs for the sector when lenders are reassured as to the long-term stability and growth potential of the sector.

How has the Voluntary Regulation Code been developed?

The Voluntary Regulation Code (VRC) has been drafted in consultation with stakeholders. In excess of 30 submissions were received in Autumn 2012, as part of a public consultation process, and the present VRC takes much of those submissions into account. These submissions are available on the Department's website, www.viron.ie. The VRC builds on a range of existing guidance templates, including the Department's own *Memorandum VHU: 2/02 "Capital Funding Schemes for the Provision of Rental Accommodation by Approved Housing Bodies"*², the ICSH publication *"Working for Good Governance"*, 2008³, the *Code of Practice for the Governance of State Bodies*⁴ and *"The Governance Code: A Code of Practice for Good Governance of Community, Voluntary and Charitable Organisations in Ireland, February, 2012"*⁵.

The principles and recommendations of *The Governance Code* referred to above provide a sound governance approach for Irish community, voluntary and charitable organisations and it is noted that a small number of AHBs have signed up to this Code.

However, this Voluntary Regulation Code – *Building for the Future* – has primacy and is specifically tailored for the not-for-profit approved housing body sector and, as such, it is hoped that all AHBs will, in time, sign up to the VRC. Participation in the VRC will also provide AHBs with an opportunity to directly influence the shape of the long-term regulatory framework.

Timeframe and Implementation of the Voluntary Regulation Code

It is intended that the VRC will be a precursor to statutory regulation which, it is anticipated, will be in place by 2016. During the lifetime of the VRC the Department will work with the Housing and Sustainable Communities Agency (The Agency), the ICSH and NABCO to advance the implementation of the VRC. The Department will also identify the key learning points for inclusion in the legal framework and will also scope and design the longer-term organisational shape and structure of regulation. In parallel to this, VRC financial elements will be developed in

² Available on the Department's website, www.viron.ie

³ http://www.icsih.ie/eng/publications/icsih_publications/working_for_good_governance

⁴ <http://www.finance.gov.ie/>

⁵ <http://governancecode.ie/>

consultation with the sector and its financial stakeholders and will be published by the end of 2013.

The VRC will be implemented on a co-regulatory basis by the Department and the Agency. What this means in practice is that individual AHBs, and representative organisations, will have a key role in supplying data and other assurances as to performance, governance etc. All AHBs signing up to the Code will be expected to submit, on an annual basis, a signed Charter of Commitments (page 11-12) and to make themselves available for interview and their records available for examination by the Department and its agents as necessary.

However, it is likely that regulatory focus and intervention will be driven by a risk-based assessment of individual AHB performance and it is expected that the main initial focus will be on the larger, Tier 3, AHBs. It is not therefore expected that the VRC will place a significant additional reporting burden on the large majority of AHBs.

The Agency will provide support services to the Department in the introduction, rollout and implementation of the VRC and AHBs are strongly urged to contact the representative and advisory bodies for guidance about the management responsibilities involved. The representative bodies for voluntary and co-operative type approved housing bodies are the Irish Council for Social Housing and NABCO (their websites are at www.icsh.ie and www.nabco.ie respectively).

In the longer term, as the sector prepares to move to a more regulated future the operational and governance autonomy of the regulator is a critical issue. The Department will address this issue in the light of operational lessons arising from implementation of the VRC and taking into account the resources available.





2. Guiding Principles of the Voluntary Regulation Code (VRC) for AHBs

The VRC is underpinned by four guiding principles:

Tenant-Focused Delivery – the delivery of quality tenant⁶ services and housing standards should be a key focus for AHBs. Under this VRC all AHBs are asked to engage with the Best Governance Practice set out in Appendix 1.

Proportionality – a “one size fits all” approach to regulation is not suitable for the AHB sector as there is a wide diversity of organisations in terms of aims, activities, ambitions, housing units, staffing and resources. It is proposed that more or less regulation will apply depending on the size, scale and the level of financial risk associated with development plans of the individual AHB.

Accountability – AHBs should be accountable for the services they provide, both to their tenants and stakeholders, including funders. Under the VRC, accountability to tenants will be evidenced through an agreed range of tenant service indicators. Accountability to funders will first and foremost be evidenced when AHBs sign up to the VRC.

Transparency - the process of signing up to the VRC should be clear and consistent. For AHBs with good corporate governance already in place, the VRC should not require substantial additional work. Transparency and openness is evidenced under the Charter of Commitments on page 11 and AHBs will be requested to self-select an appropriate Tier and to sign up to those commitments.

A Proportional approach to Regulation

While a minimum level of regulation will apply to all AHBs, largely paralleling existing reporting requirements (whether statutory or otherwise), more intensive regulation will apply to larger AHBs or those with significant numbers of housing units, or that have any plans to expand their housing portfolio. The necessary documentary proofs of compliance with the VRC which may be sought will depend on the size, activities and level of risk associated with each AHB.

A three tier system is proposed and AHBs will be expected to self-select the tier they believe best fits them considering their current activities. AHBs will not be precluded from opting into a higher tier should they wish to fulfil additional governance requirements and the Department / Agency may assign an AHB to a tier where it is deemed appropriate.

⁶ References to ‘tenants’ in this document also encompass “members” under the co-operative housing movement.

AHBs signing up to the VRC will be required to sign and return on an annual basis a Charter of Commitments, as set out on page 10, to the Department.

The Code proposes 3 tiers, or organisational classifications, as outlined below:

Tier	Description
<p>Tier 1 : Small AHBs with 0 - 50 units without development plans for more units</p>	<p>AHBs in Tier 1 have developed and completed projects, have housing units in management and have no further development plans.</p>
<p>Tier 2: AHBs with between 50 and 300 units and/or with development plans in place to provide more units.</p>	<p>These AHBs have portfolios of between 50 - 300 units and/or have plans to develop new housing as part of their strategy in future in addition to the existing housing they manage.</p> <p>Tier 2 will also include those AHBs with less than 300 units that are applying for, or are in receipt of loans from the Housing Finance Agency, private finance or from other sources.</p>
<p>Tier 3: All AHBs with more than 300 Units</p>	<p>These AHBs include those larger bodies with more than 300 units and any Tier 2 organisations whose development plans are particularly sizable.</p>



Charter of Commitments

AHBs in Tiers 2 and 3 are automatically subject to all commitments set out for Tier 1 AHBs

Tier	Commitments
Tier 1 :	<ul style="list-style-type: none"> • Have in place a properly functioning Board with <ul style="list-style-type: none"> - clear roles and responsibilities - at least 5 members, none serving more than 2 consecutive 5 year terms⁷ - a general meeting at least once per year - no employee acting as Chairperson • Comply with existing companies law, charities requirements, conditions of approved status • Have a tax clearance certificate and a sinking fund⁸ • Have an agreed set of performance management indicators⁹ • Submit an Annual Report & Accounts, and a copy of filing to the CRO or to the Registrar of Friendly Societies, to the Department (c.f. Appendix 1) • Submit data on Tenant Services (c.f. Appendix 1) • Submit a signed copy of this Charter to the Department
Tier 2: All Tier 1 requirements	<ul style="list-style-type: none"> • Have a Finance committee, or equivalent, in place • Annual report to include details of fixed assets, liabilities, reserves, loans outstanding, capital repayments and evidence of a risk register.
Tier 3: All Tier 1 and Tier 2 requirements	<ul style="list-style-type: none"> • Have an external audit process in place • Maintain an active strategic plan • 3-year financial plan in place • Have an agreed range of Tenant Services indicators in place • Submit a completed annual return, as specified by the Department • Agree to be subject to an audit¹⁰ by the Department and/or its agents, if so requested • Attend an annual review meeting with the Department and the Housing Agency, if so requested

⁷ This commitment will apply to Board members from 15th July 2013 and service on the Board prior to this date will be disregarded for the purpose of this calculation.

⁸ It is recognised that, while all AHBs should have an adequate sinking fund in place for management and maintenance of properties, not all do; all AHBs should however outline a clear plan to build up a fund within a reasonable timeframe.

⁹ More information is given on this in the Appendices.

¹⁰ The term audit refers to a more detailed examination of exchequer funding paid to a specific Approved Housing Body for the purpose of the provision of housing relief. This examination may involve a site visit to verify that funding paid is being used in accordance with the terms and conditions of original agreement (as set out for example in VHU: 2/02 or under the terms and conditions of HFA master loan agreement)

Charter of Commitments for Approved Housing Bodies

Name of Organisation: _____

Address: _____

Type of Organisation (tick as appropriate):



Tier 1 Small AHBs with between 0 and 50 units and without development plans.



Tier 2 AHBs with between 50 and 300 units and/or with development plans in place to provide more units; AHBs with less than 300 units that are applying for, or are in receipt of loans from the Housing Finance Agency, private finance or other sources.



Tier 3 Large AHBs with more than 300 units and any Tier 2 organisations whose development plans are particularly sizable.

Comply or Explain

Approved Housing Bodies that subscribe to the principles of this Code should make a statement to that effect in their annual report and / or other relevant published material. In the statement, the AHB has either to confirm that it complies with the Code's principles or, where it does not, to provide an explanation. This 'comply or explain' approach provides flexibility to enable organisations to interpret it to suit their particular circumstances. It is for stakeholders and others to evaluate the organisation's statement.

Statement

We confirm that we will comply with the requirements set out in the Charter of Commitments, appropriate to our organisation type. We are committed to reviewing our organisational practice against the Code on an annual basis.

Chairperson of Board

Secretary of the Board

Date: _____

Date: _____

OR/AND

We attach an explanation as to how our organisation will meet criteria of the Code or explain why it has not:

Chairperson of Board

Secretary of the Board

Date: _____

Date: _____

Please email your signed Charter to ahb@environ.ie or return directly to:
Housing Regulation & Statistics Section.
Department of the Environment, Community and Local Government,
Newtown Road, Wexford

How will the Voluntary Regulation Code be managed?

For AHBs that sign up to the VRC it is proposed that the Department and the Agency will pilot an active regulatory oversight system pending agreement on the best long-term regulatory structure. While all AHBs are asked to engage with this system it is likely that the main initial focus of this voluntary regulatory effort will be on Tier 3 (Large) AHBs and on individual AHBs from Tiers 1 and 2 that are identified as meriting specific attention. As regulatory processes are refined, and resources defined, the scope of active regulatory oversight will extend to the whole sector on a risk-driven basis.

It is proposed that those AHBs signing up to the VRC will be listed on the Department's website. On foot of being audited and / or interviewed by the Department and its agents a draft regulatory assessment report will be supplied by the Department to the AHB. AHBs will then be afforded a 6 week period to review the assessment and agree its outcome. The final regulatory assessment report will then be supplied to the AHB and, if requested by the AHB, to third parties such as financial institutions. It is expected that a positive assessment report will be of assistance to an AHB in its dealings with external stakeholders.

The Department has recently initiated a process to define more detailed financial benchmarks to which AHBs seeking private financial investment could also sign up to. It is expected to produce additional material in this regard in the coming months.

The role of Local Authorities in the eventual statutory regulatory framework remains to be defined. The authorities already have a sizeable regulatory presence when one takes into consideration their role in ensuring compliance with the terms of the capital funding schemes, including conditions of mortgage agreements, in managing waiting lists and in inspecting standards of accommodation. The VRC will allow us to define the long-term role of Local Authorities in the statutory regulatory context. However, in the interim, structures are being developed to facilitate regular liaison between AHBs and Local Authorities (both elected representatives and officials) on a city, county or regional basis.

Will there be a charge for registration?

It is not proposed that there will be a charge for those who sign up to the VRC. The operation of the VRC will give us a better idea of the potential cost of regulation, in terms of the staff and operational costs, and how best to fund a statutory model. Those signing up to the VRC will, of course, have a direct input to decision-making on such issues.

Once the Department has a fuller understanding of the potential costs of regulation it will consult with the sector, with the Department of Public Expenditure and Reform, the Local Authorities and other relevant stakeholders. A range of funding options is possible – from full Exchequer funding of the system to an entirely sector-funded model.

What are the consequences of non-registration?

In the longer term, adherence to the regulatory framework will be mandatory and this will be set out in legislation. While engagement with the VRC is voluntary for existing AHBs any new applications for AHB status will only be considered in the context of signing up to the VRC.

Equally, as the Department considers decisions regarding any available Exchequer funding support to the sector, priority will be given to those AHBs that have demonstrated a commitment to good governance and sound management. Engaging fully with this VRC will be a tangible demonstration of that commitment.

At a very practical level, signing up to the VRC will afford AHBs the opportunity to influence the final shape of a legal regulatory framework. Experiences gained in implementing the VRC will form the evidence base for the statutory framework, so this is a key opportunity for AHBs to get involved in a process that will have a profound effect on their future. It will also be a useful demonstration of an AHB's *bona fides* to potential external partners.

What regulatory powers will there be under the VRC?

While the statutory regulatory framework will spell out specific interventionist regulatory powers the current VRC, being voluntary, is not as forceful. The key powers under the VRC will be

- the awarding, or not, of a positive regulatory assessment report to an AHB, and
- the subsequent listing or delisting of AHBs as being compliant with the VRC.

However, the Department wishes to work with any AHBs seeking to volunteer for more rigorous oversight over the lifetime of the VRC and, as already referenced, has established an AHB sector financial capacity group to specifically identify key financial oversight actions that could be signed up to quickly.

The Department will work with the sector to address any specific issues (whether operational, financial or governance) arising out of this voluntary regulation approach. Lessons learned from this approach will inform the eventual statutory regulatory framework.

APPENDICES: Supporting Documentation

The following supporting documentation is to act as a guide to AHBs in identifying and complying with the reporting requirements appropriate to each tier.

Appendix 1 outlines the range of material that may be sought by the Department from AHBs and / or which will help AHBs to ensure their compliance with the Code. This can be taken as an indicator of the range of requirements that may be set out in a future statutory regulatory framework.

Appendix 2 outlines possible performance management indicators that will be expected of AHBs.

Useful sources

DECLG Circular VHU:2/02 Capital Funding Schemes for the provision of rental Accommodation by Approved Housing Bodies

ICSH (2008) Working for Good Governance

Department of Finance (2009) Code of Practice for the Governance of State Bodies

The Governance Code (2012) A Code of Practice for Good Governance of Community, Voluntary and Charitable Organisations

Further Information

Irish Council for Social Housing
50 Merrion Square East
Dublin 2.

Tel: 01 6618334
Email: info@icsh.ie
www.icsh.ie

NABCO,
National Association of
Building Co-operatives,
33 Lower Baggot Street,
Dublin 2 .

01 6612877
admin@nabco.ie
www.icsh.ie

Appendix 1

Best Governance Practice for AHBs - Explanatory Table

The level of detail required in the Annual Report and Accounts will depend on the size of the AHB. The table below sets out best practice across a number of areas. Tiers 1 and 2 are expected to work towards this and Tier 3 should have this evidence in place. Further work has commenced to develop guidance and recommendations on financial indicators and risk management.

1. Governance

Governance Objective	Expectation	Evidence
<i>(i) AHBs will ensure that the organisation is well governed to support its aims and objectives</i>	Governing Board AHBs shall have in place a properly functioning governing board or “management committee” in the case of co-operative housing societies.	List of Board members List of staff numbers (if applicable)
	Clarity of Role The board /management committee should be clear about its role and function and ensure that the association operates to its own constitution and the law. Collective responsibility The board / management committee should work as a team to provide strategic guidance and monitor progress towards agreed goals.	Memorandum and Articles of Association
	Board Membership The board /management committee should be comprised of members who demonstrate a diverse range of skills, experience and qualities appropriate to the work of the organisation. Relevant areas of expertise could include law, finance and management.	Board policies Membership Renewal Conflict of interest Register of interests Code of conduct

Governance Objective	Expectation	Evidence
	<p>The board / management committee shall consist of at least five individuals each of whom should be resident within the jurisdiction of the state¹¹ and none serving more than 2 consecutive five year terms.</p> <p>The chairperson and secretary shall be resident within the jurisdiction of the state and no employee shall act as Chairperson to the board / management committee.</p>	
	<p>Board Meetings The board / management committee should meet at least four times per annum</p>	<p>Hold an AGM once a year</p>
	<p>Material Interest No individual may be elected or appointed as director / trustee or senior employee of an AHB where he or she has a material interest of significance in relation to the income or any other benefit derived from any commercial contract or other arrangements for the construction of houses for the AHB or in the supply of goods and services to the AHB.</p>	<p>Register of interests Conflict of interest policy</p>

¹¹ This is a current requirement under the terms of the Department's Memorandum VHU:2/02 but may be reviewed by the Department during the lifetime of the VRC.

Governance Objective	Expectation	Requirements
(ii) AHBs will ensure that the organisation is in compliance with the legal requirements and relevant government policies	The board/management committee takes responsibility for compliance with all statutory obligations and relevant government policies.	Confirmation of compliance with Companies Acts, 1963–2001 or Industrial and Provident Societies Acts, 1893-1978
		Confirmation of compliance with Charitable status
		Confirmation of compliance with approved body status(Memorandum VHU:2/02)
		Details of insurance, including an insurance compliance certificate
		Signed copy of the Charter of Commitments submitted to the Department
(iii) AHBs will have a clear strategic direction	Strategic Planning All AHBs, in particular Tier 3, should have a clear strategic direction which is reflected in the mission and vision of the organisation	All AHBs should provide a narrative description of the key activities / developments in the year in question
		An account of housing units under management
		An active strategic plan which reflects a three year business plan and has measurable objectives
		System for monitoring performance against a three year business plan

2. Performance Management

Governance Objective	Expectation	Requirements
(i) AHBs should ensure they deliver quality services and seek continuous improvement	An agreed set of performance indicators should be in place ¹²	Performance management report

¹² c.f. Appendix 2.

3. Tenant Service Best Practice for housing management

Governance Objective	Expectation	Requirements
<i>(i) AHBs are focussed on the delivery of good quality housing (and related services) for those who are unable to provide housing from their own resources</i>	Nominations and Allocations	AHBs should have a written allocations policy which explains eligibility criteria in becoming a tenant and how to apply
		AHBs should work in partnership with the local authority
	Void Management AHBs should liaise with local authorities to let properties quickly and efficiently	Have an agreed set of performance management indicators in place
		Tenants should be provided with a tenant rent book or a quarterly rent statement with information on rents and service charges ¹³
	AHBs should make information available to tenants on rents and service charges as well as rent arrears policy and procedure	
	Repairs and Maintenance AHBs should maintain homes in a good condition and will ensure that planned, cyclical and responsive maintenance repairs are carried out effectively.	A repairs policy should be in place which commits to dealing with repairs within agreed timescales for tenants
		Performance information on repairs and maintenance
	Managing and Addressing complaints AHBs should make information readily available to tenants and other third parties on how to manage complaints	AHBs should have a complaints policy and procedure
	Landlord / tenant relations AHBs should regularly communicate with tenants and monitor feedback from tenants.	Statement on communication with tenants e.g. visits, website, newsletter, meetings
		Pre-tenancy training will be provided for all new tenants
Have an agreed tenant handbook available to tenants detailing policies and procedures.		

¹³ SI146/1993 Housing (Rent Books) Regulations 1993 as amended by SI 751 of 2004 and SI 357 of 2010.

4. Financial Management Business / financial planning

Governance Objective	Expectation	Requirements
<i>(i) AHBs must be financially viable and have adequate resources to meet both current and future business and financial commitments</i>	<p>All AHBs should be able to demonstrate appropriately managed and audited annual accounts.</p> <ul style="list-style-type: none"> • Balance sheet extract • Income and expenditure • Loan summary if applicable 	Annual accounts and a copy of filing to the CRO or to the Registrar of Friendly Societies to DECLG or its agents if required
		Tax clearance certificate
		Agreement to be subject to an examination of AHBs detailed income and expenditure and balance sheet by the Department / Agent
		Agreement to attend a review meeting with the Department or its agents if requested
		Maintenance of a Risk Register. This should set out the main risks potentially affecting the AHB, the likelihood of risk occurrence, the steps taken to mitigate the risk and evidence that the register is reviewed on a regular basis.
	<p>Sinking Fund AHBs should set aside a percentage of the annual rental income on a regular basis for the longer term replacement / repair of major items.¹⁴</p>	Details of sinking fund
<p>Annual report Annual report outlining key activities along with audited accounts</p>	Annual reports with relevant requirements	

¹⁴ The ICSH recommend 30% of annual rental income and the 2012 HAPM results report that the average percentage from 43 AHBs is 29% covering over 14,000 tenancies. NABCo advocates setting aside a proportion of the acquisition value of properties on an annual basis as part of a long term refurbishment and renewal programme. This will be examined further as part of the financial capacity work-stream currently underway.

Appendix 2

Performance Indicators

It is considered reasonable that **all** AHBs should be able to provide basic data each year on its performance under a number of headings such as:

- Rent payment / arrears
- Voids
- Repairs / management costs per unit

More detailed performance indicators will be required for Tier 2 and Tier 3 AHBs and these will be developed and published in the coming months by the Department / Agency. Both representative organisations have developed useful tools to assist their member AHBs to measure performance and the Department strongly encourages engagement with these tools.

The Housing Association Performance Management framework (HAPM) is a standardised tool developed by the Irish Council for Social Housing, in consultation with members for measuring housing association performance. The aim of HAPM is to promote good housing management practice and self-assessment in the non profit housing sector. The HAPM framework consists of a set of key performance indicators that gather information on size of housing stock, rent levels and service charges, rent collected and arrears, allocations, voids, repairs and maintenance and landlord / tenant relations. The equivalent data tool used by housing co-operatives for this function is the Co-operative Housing Quality Service Provision Review.

