

Finance and Asset Management for Long Term Delivery

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*Our mission is to protect AHB assets and safeguard the interests of their current and future tenants by regulating for a **well governed, well managed and financially viable** sector.*



Role of Regulation

- **Provide Assurance** to Tenants, Boards, Government & Potential investors & the AHB Sector
- **Demonstrate**, a stable and well-regulated Sector
- **Safeguard** tenants and public investments
- **Facilitate investment** in Social Housing by growing confidence in the Sector
- Contribute to the overall **sustainability** of the Sector

Our work remains focused on:

- ✓ Implementing the VRC
- ✓ Assessing AHBs against the VRC
- ✓ Pending Legislation: Developing & Embedding Standards
- ✓ Establishing a Regulatory Framework
- ✓ Enhancing of Relationships with Key Stakeholders: CRA, HSE, HIQA, ICSH

Proportionate, Transparent, Risk-Based

What do we look for...

- ✓ **Good Governance**
 - Fully functioning Boards
 - Skills, expertise & diversity
 - Provides strategic direction & oversight
- ✓ **Financial Management**
 - Financial Viability - Short & Long Term
 - Strategy underpinned by Financial Planning
 - Linking of Financial & Asset Management
- ✓ **Performance Management**
 - Tenant Focus
 - Asset Management
 - Long Term sustainability of the Housing Asset

- 232 AHBs Assessed, **28,781** homes regulated
- **83% AHBs** – Reported High levels of Compliance against the VRC
- **Evidence of Strengthening & Embedding of Code**
 - Governance
 - Sinking Fund Provision
 - Risk Management
 - Financial Standard
- Larger AHBs indicate significant growth plans **c.9k units**
- **Forecasted funding predominately HFA.** However, evidence of innovative funding mechanisms under consideration by AHBs
- **Enhanced Regulatory Framework**, pending Legislation
- Organisation's **continue to develop** their Governance, Financial and Performance Management

Key Focus Areas

- Pending Legislation
- Sector Growth & Long Term Sustainability
- Execution Management
- Continued Embedding & Strengthening of Standards
- AHBs NOT signed up to the Code
- Wider Regulatory Burden

LEGISLATION

Statutory Regulator

Proportionate

Governance Standard

Fully Functioning Board

Transparent

Oversight, Direction &
Control

Strategy/Leadership

Risk Based

Outcomes Focused

Transparency

Comply or
Explain

Skills, Expertise &
Diversity

Financial Governance &
Risk Management

Financial Standard

Financial viability

Assess & Monitor:

S-T Viability

- Surplus/Deficit
- Liquidity
- Cashflow

L-T Viability

- Business Planning
- Profitability
- Debt to Equity
- Sinking Fund
- Stock Condition

Performance Standard

*Protect & safeguard Tenants
& Housing Asset*

Tenant focused Delivery

- Nominations & Allocations
- Voids
- Communication
- Repairs & Maintenance

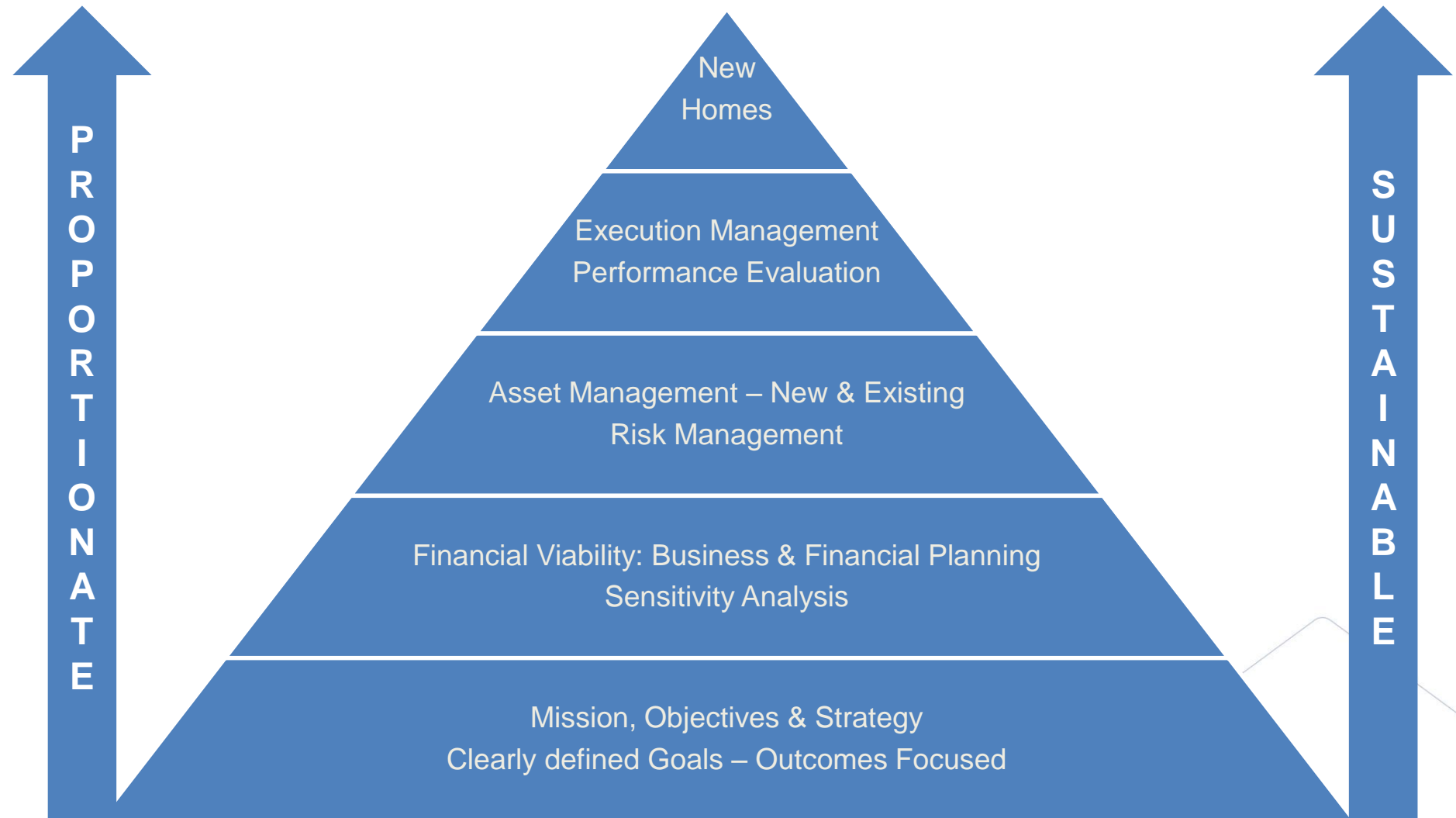
Sinking Fund

Stock Condition Surveys

Asset Registers

Finance & Asset Management for Long Term Delivery

Long Term Management & Delivery of Housing



Mission, Direction & Strategy

- What is the Mission of the organisation?
- What are key Objectives?
- Is there a clearly defined strategy?
- Is there a clear plan on how to execute on the strategy?
- Have risks been evaluated?
- Can plans be achieved in a safe and sustainable environment?

Boards are responsible for the Direction, Control & Oversight

- **Financial Viability**
- **Planning**
 - Strategic
 - Business
 - Financial
 - Sensitivity Analysis
- **Financial Governance**
 - Audit & Risk Committee
- **Controls & Evaluation Tools**
- **Risk Management Framework**

Short Term Viability

Ensuring:

- Generating positive cashflows from operations
- Has sufficient liquidity
- Trends
- In a word it's about being PRUDENT

Long Term Viability

Ensuring:

- Balance Sheet Management: Assets and Liabilities
- Cashflow Projections over L-T
- L-T Profitability and what drives it
- Financial Risks
- Management of the asset, the output from the Stock Condition Survey & link to the L-T cashflow

- Asset Management: Existing & Future Homes
 - Policies – Clearly Defined Outcomes
 - Strategy – Long term
 - Planning – Short term
- Housing Management
- Data and Systems – Internal Controls
- Standards of Service – SLAs, Contracts, Tenders
- Value for Money
- Evaluation – Performance Monitoring

Essentials of Asset Management

Asset Register(s)

What assets do we have?
Where are the assets?

Stock Condition Survey(s)

What condition are properties in?
What is L-T funding requirements for these properties?

Sinking Fund(s)

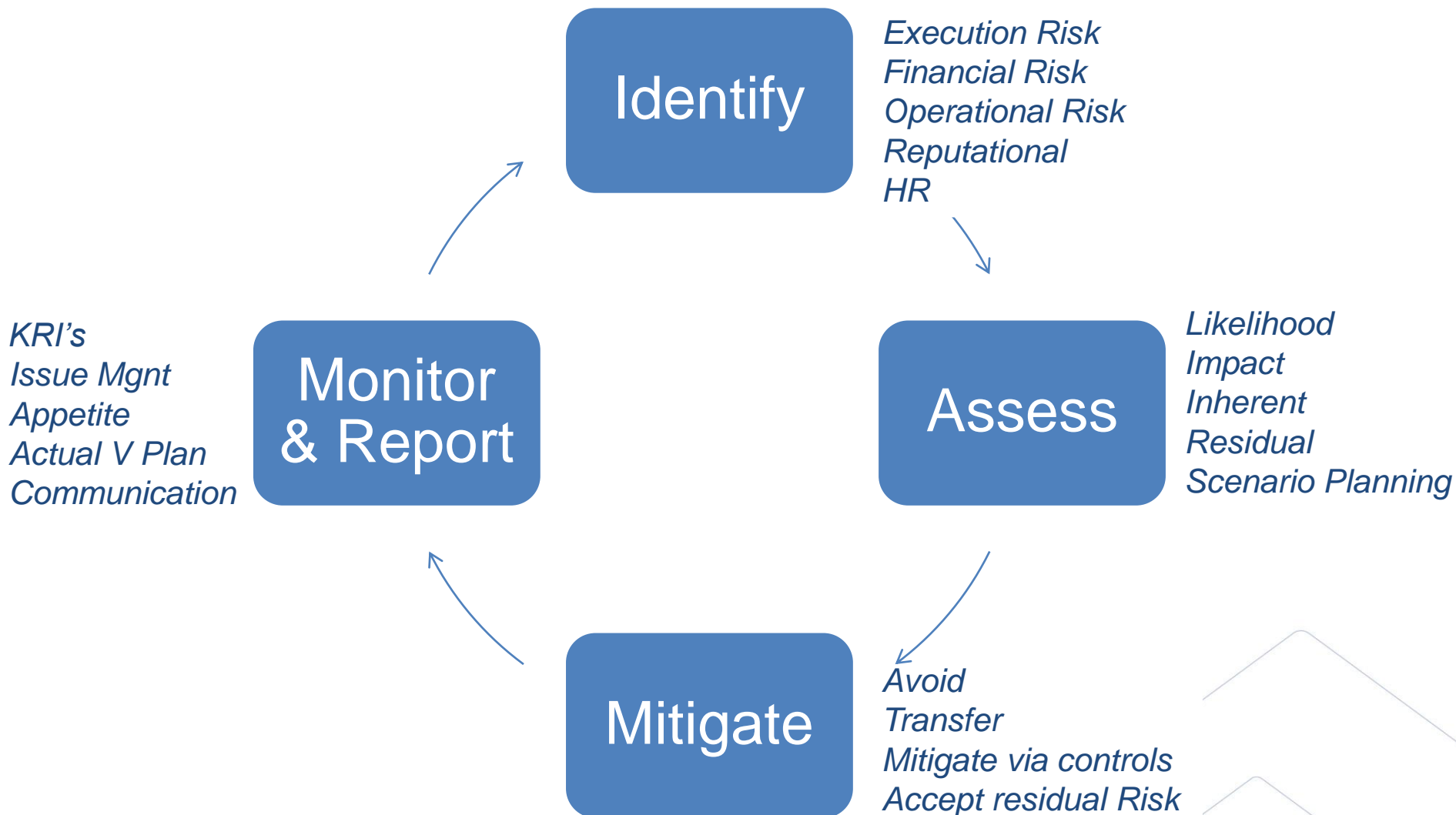
How is sinking fund provision established?
Do the L-T cashflow profiles provide for adequate provision, as informed by SCS

Asset Management Strategy & Policy

Does the organisation have the appropriate Property Management in place for current & future Stock?

Performance Evaluation

Risk Management



- Ensure the Strategic, Financial and Asset management plans ***integrate and inform*** each other
- Sustainability – Ensure housing Asset will meet the needs of the tenants and the community into the future
- Pro-actively manage Risk
- Ensure plans integrate the L-T costs of assets: made on the basis of *life cycle component costs* identified via Stock Condition Surveys
- Focus on Tenants

Key Takeaways:

- ❑ Clearly defined Strategy & Objectives
- ❑ Strong disciplined financial governance
- ❑ Boards with relevant financial & risk expertise
- ❑ Strong line of sight on existing & future asset costs and how they will be funded
- ❑ Plans that are realistic and integrated

THANK YOU



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