



# Housing Agency Annual Report

1 August 2012 to 31 December 2013

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**Housing and Sustainable Communities Agency**

**Operating as 'Housing Agency'**

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## 1. Board and Staff Information

### Board

The Housing Agency is managed by a full-time Board consisting of a chairperson and seven members:

Board Member	Organisation	Appointment / Resignation
Conor Skehan	Chairperson	
Peter Carey	Kildare County Council	Resigned October 2014
Clodagh Henehan	South Dublin County Council	
Michael Layde	Department of the Environment, Community and Local Government (DoECLG).	Retired August 2014
Donal McManus	Irish Council for Social Housing	
Bairbre NicAongusa	Department of the Environment, Community and Local Government (DoECLG).	Appointed Sept 2014
Dermot Nolan	Department of Public Expenditure and Reform	
Tony O'Brien	Management Consultant	
John O'Connor	Chief Executive Officer, Housing Agency	

### Staff

The Housing Agency has a staff of 36 providing housing management, research and technical services.

## Committees

### Audit & Risk Committee

The Housing Agency Audit and Risk Committee are comprised of three Board members and 1 other member, the Internal Audit Officer. The members are as follows:

Committee Member	Organisation	Appointment / Resignation
Clodagh Henehan	Chairperson	
Tony O'Brien	Management Consultant	
Donal McManus	Irish Council for Social Housing	
Katherine Banks	Housing Agency	Retired July 2014
Caroline Gill	Pyrite Resolution Board	
Jim Baneham	Housing Agency	Appointed December 2014

## 2. Chairperson's Statement

At the outset, I would like to take this opportunity to thank my predecessor Mr Peter Carey, for his work in establishing the Agency and his subsequent assistance to the Board. I would like to sincerely thank the Board and staff of the Housing Agency for their support throughout 2013. I would also like to thank the staff of the Department of Environment, Community and Local Government (DoECLG).

The Board has already established a good governance system with clear, evidence-based strategic objectives, namely to:

- Promote the delivery of housing and innovation
- Support management and good practice in housing
- Provide policy advice and research on housing, and
- Be a high performance organisation.

One of our earliest tasks was to establish a well-articulated system of values to guide the delivery of the Agency's role, through our service, practice, accountability and attentiveness – both to our clients and to our staff.

The Housing Agency is now fully established as a State agency, with a wide range of expertise and service offerings. The Agency is a crucial actor in the area of supply and demand in the delivery of housing throughout Ireland.

The Housing Agency is dedicated to providing quality and flexible services to the housing sector by striving to encourage, achieve and support good practice, creativity, innovation and value for money in the sector.

Our values include a commitment to respect, accountability and attentiveness to all those they work with and for – so that knowledge and learning about how to achieve the strategic objectives of the Housing Agency is shared widely and effectively.

Housing is too central to the economy of our nation and to the lives of our citizens to be left untended. Through analysis and advice that is expert, early, honest and public, the Housing Agency has the potential to help to ensure that we do not repeat the mistakes that have cost us so dearly as citizens and as a nation.

Through prudence, compassion, fairness and foresight we can, and should, enable all households to have access to good quality housing, appropriate to household circumstances, and in their particular community of choice, in so far as is possible.

The Housing Agency has a central role to play in making this a reality in 2014 and beyond.

### 2.1 Board Attendance at Meetings

In respect of attendance to board meetings, a total of 11 board meetings were held during the 17 month period to 31 December 2013. The following table outlines the attendance of each board member at same:

Board Member	Attendance	Fees	Expenses
Conor Skehan	100%	Nil	Nil
John O'Connor	100%	Nil	Nil
Tony O'Brien	100%	Nil	Nil
Donal McManus	91%	Nil	Nil
Michael Layde (retired August 2014)	86%	Nil	Nil
Clodagh Henehan	73%	Nil	Nil
Peter Carey (resigned October 2014)	67%	Nil	Nil
Dermot Nolan	91%	Nil	Nil

## 2.1 Salary of the Chief Executive

The Chief Executive's salary for 2013 was €121,302. This is based on the scale for Manager Level 5, plus 7.5% expenses which amounted to €9,096. This also reflects the reduction in salary by 8% under the Financial Emergency Measures in the Public Interest (No.2) Act 2009, and as directed by the Department of Environment, Community and Local Government (DoECLG), and the reduction of salary under the Haddington Road agreement implemented during 2013. The Chief Executive is part of a Local Government model public sector defined benefit superannuation scheme.

Finally, I wish to express my sincere thanks to each Board member, the Housing Agency committees and particularly Mr John O'Connor and his excellent staff. I wish to thank the Minister for the Environment, Community and Local Government, Mr Alan Kelly T.D., his predecessor Mr Phil Hogan T.D., and Minister of State at the Department of Environment, Community and Local Government, Mr Paudie Coffey T.D., his predecessor Ms Jan O'Sullivan T.D., and officials of the Department for their support in the operation of the Housing Agency, along with all the Local Authorities for all their co-operation and assistance.



**Conor Skehan**  
Chairperson

### 3. Chief Executive's Statement

The Housing and Sustainable Communities Agency (Housing Agency) was formed following a government decision to rationalise three housing related State agencies. This rationalisation incorporates a range of key expertise in this field and sees one leading Housing Agency assisting the Department of Environment, Community and Local Government (DoECLG), Local Authorities and Approved Housing Bodies in undertaking their housing functions. The agencies rationalised were the Affordable Homes Partnership (AHP), the Centre for Housing Research and the National Building Agency Limited (NBA).

The Housing Agency was set-up on an administrative basis in 2010, as an interim measure pending the introduction of legislation to establish the Agency on a statutory footing. As an administrative set-up it was limited in the range of activities which it can undertake in its own right. To provide a legal framework to undertake functions in the interim, a company was set up called Housing and Sustainable Communities Ltd (HSC Ltd) in 2010.

The Housing Agency was formerly established on a statutory basis on 1st August 2012 (Establishment Day) under the Housing and Sustainable Communities Agency (Establishment) Order 2012 (S.I. No. 264 of 2012). This establishment followed on from the enactment of the Local Government (Miscellaneous Provisions) Act 2012.

In 2015, Housing and Sustainable Communities Ltd (HSC Ltd) will be voluntarily struck off the Companies Register. Work is ongoing to prioritise the wind up of the National Building Agency. The National Building Agency Ltd (NBA) is still in existence as there are a large number of employees waiting to be formerly redeployed throughout the public sector. It is expected that this company will also be wound up later in 2015.

The main achievements over the first 17 months of the Housing Agency were:

- **Establishment**

The board of the Housing Agency were appointed and put a clear governance structure in place. The executive put in place all necessary administrative supports to the board and its staff, which are fundamental in the efficient running of any organisation. Since its inception, the Housing Agency has been clearly recognised as an Agency with a significant role in relation to housing generally, specifically social housing. The Housing Agency will continue to strive to position itself as a key body with strong expertise and knowledge in the housing area.

- **Supply of Social Housing**

The Housing Agency provided a range of services and supports to the Department of Environment, Community and Local Government (DoECLG), and Local Authorities in the supply of social housing. This was done through financial appraisals of funding applications under the Social Housing Leasing Initiative and funding for Approved Housing Bodies; working with the National Asset Management Agency (NAMA) to source suitable housing from its loan portfolio; and identification of properties in Unfinished Housing Developments appropriate for completion.



- **Advice and Support**

The Housing Agency provides advice and support to the Department of Environment, Community and Local Government (DoECLG), Local Authorities and Approved Housing Bodies. In 2013, specific areas of extensive work including the assessment of allocations; general housing management; provision of support to the Department of Environment, Community and Local Government (DoECLG) in the development of policy and legislation. The Housing Agency also prepared an economic assessment and worked on the business design process for the implementation of Housing Assistance Payment (HAP).

- **Research Services**

The Housing Agency conducted research across key areas including homelessness, housing for people with a disability and traveller accommodation. The Housing Agency also undertook a review of the Housing Needs Assessment in 2013.

- **Technical Services**

The Technical Services section comprises a multi-disciplinary team of architects, quantity surveyors, engineers, planners and architectural and engineering technologists. Projects undertaken in the first 17 month period are being reported included regeneration and refurbishment projects, condition surveys, planning studies, assessment of disability certificates for a Local Authorities and work in respect of completing legacy projects

The Housing Agency received an award from the Irish Council of Social Housing for the work carried out in respect of a regeneration project in Limerick City Council, in Cliona Park, Moyross under the category of regeneration projects.

- **Pyrite Remediation Scheme / Pyrite Resolution Board**

A government decision was made in January 2013, to establish the Pyrite Resolution Board (PRB) on an administrative basis. The Department of Environment, Community and Local Government (DoECLG), directed the Housing Agency to provide the Pyrite Resolution Board (PRB) with the administrative supports in order to undertake its functions, this included the implementation of the scheme and the business design process. The Agency supported the Pyrite Resolution Board (PRB) in the created of an online application system. The Pyrite Resolution Act 2013 (passed in December 2013) and the Pyrite Remediation Scheme (PRS) made by the Pyrite Resolution Board (PRB) provide the statutory basis for the remediation by the State of certain dwellings damaged by pyritic heave. Part 4 of the Act outlines the functions of the Housing Agency. The Housing Agency's core role is the implementation of the Pyrite Remediation Scheme (PRS). The Housing Agency engages engineering consultants and building contractors to carry out remediation work to houses damaged by pyrite. The Housing Agency also provides administrative and other supports. This includes the management of the income and expenditure for the scheme.



- **Mortgage to Rent**

The Housing Agency is the centralised body for the Mortgage to Rent Schemes for both lending institutions and Local Authorities. Mortgage to Rent is one of the resolutions being offered by lending institutions to their customers where it has been deemed that their mortgage is unsustainable. In December 2012, a Local Authority Mortgage to Rent Scheme was piloted in Dublin City Council and Westmeath.

## Work Programme

The overall work programme of the Housing Agency is a diverse programme bringing together expertise from a number of areas such as research, housing policy and best practice, and technical services, with a number of key streams. In 2013 the Housing Agency had three core sections, these are Research and Corporate Services, Housing Services (Including Regulation Services) and Technical Services.

The Housing Agency provides a multi-disciplinary approach to housing in supporting the Department of Environment, Community and Local Government (DoECLG), Local Authorities and Approved Housing Bodies through research and analysis, support in respect of Housing supply, regulation of Approved Housing Bodies, support in respect of housing management, and design and procurement services for building programmes and construction of social housing.

### Research and Corporate Services

The Research and Corporate Services section has two key aspects within it:

1. The Corporate Services section, and
2. The Research Services section.

The Corporate Services section manages all essential supports to the organisation and structures to assist the Board in effectively delivering on its vision, mandate and goals. These include corporate governance and secretariat, financial control and accounting, human resources, information communications technology, communications and facilities management including welfare, health and safety.

During the period being reported, the Corporate Services section assisted the Board in its setup and governing structure. This includes the adoption of its Code of Business Conduct, Risk Management Framework, and Confidential Disclosures of Policy and Procedure.

The Research Service section provides data analysis and research services, and procures research and evaluation services for the Department of Environment, Community and Local Government (DoECLG), the Private Residential Tenancies Board (PRTB) and the Dublin Region Homeless Executive (DRHE). Research carried out in 2013 included the following:

*Rental Index (for the PRTB):* The Housing Agency commissioned the Economic and Social Research Institute (ESRI), to produce a rent index for the Private Residential Tenancies Board (PRTB), based on Private Residential Tenancies Board (PRTB) data.

The second quarter rent report covering April to June 2013 and was published in September 2013. The research was funded by the Private Residential Tenancies Board (PRTB).

Traveller Accommodation: The Housing Agency coordinated piece of research on why travellers vacate traveller-specific accommodation and to make recommendations on how this may be addressed. A survey of Local Authorities was completed, as well as two specific case studies (South Dublin and Clare County Councils). A third case study is underway in Wexford and this will be followed with stakeholder organisation interviews. The research is funded by the Department of Environment, Community and Local Government (DoECLG).

Homelessness: The Housing Agency entered into a Service Level Agreement with the Dublin Region Homeless Executive (DRHE) to provide research support to them. To date, a position paper on a Programme Evaluation of Pathway to Home model of integrated services has been prepared, data analysis revealed interesting results and a service evaluation has also been initiated.

Housing for People with a Disability: Work was carried out on housing for people with a disability throughout 2013.

Review of the Disability and Older Persons Grants Schemes: The Department of Environment, Community and Local Government (DoECLG), requested the Housing Agency to convene and chair a Review Group of Local Authority officials to examine the current suite of Disability and Older Persons Grant Schemes, and to make recommendations on how the Schemes could be more targeted to those most in need. The group has submitted its final report to the Department.

Review of Part V and Shared Ownership Scheme: The Department published DKM Economic Consultants' consultation report on Part V and have invited submissions.

Social Housing Leasing: The Housing Agency continued to support Local Authorities in respect of the social housing leasing programme, including the rental accommodation scheme, through the provision of advice.

Housing Needs Assessment 2013: At the request of the Department of Environment, Community and Local Government (DoECLG), the Housing Agency carried out an analysis on the Housing Needs Assessment for Social Housing Support 2013, and produced a report on the findings.

#### Housing Services (Including Regulation Services)

The Housing Services section provides good practice supports and advice in relation to housing supply and housing management. In respect of supply, the Housing Agency carried out work on the Capital Advance Leasing Facility (CALF), sourcing of properties through the National Asset Management Agency (NAMA), and provided extensive assistance to the Department of Environment, Community and Local Government (DoECLG) in respect the Housing Assistance Payment (HAP).

The section also assists key stakeholders in the area of housing management, such as rents. Other work undertaken within this section relates to mortgage supports, such as the underwriting of all Local Authority housing loans nationwide, mortgage to rent and mortgage arrears resolution process. Further details on all of these areas of work are below.

*Capital Advance Leasing Facility (CALF):* The Agency carries out financial assessments of applications submitted to the DoECLG from Approved Housing Bodies. Work continues on the financial appraisal of CALF submissions. Since January 2013, the Housing Agency has completed appraisals on 23 submissions from AHBs for CALF funding for acquisition or construction projects. The Housing Agency also carried out 621 CALF financial appraisals for proposed Mortgage to Rent cases since the beginning of 2013.

*NAMA Properties:* The Housing Agency continued to work with the Department of Environment, Community and Local Government (DoECLG) and the National Asset Management Agency (NAMA) throughout 2013 to identify suitable vacant properties from the National Asset Management Agency's (NAMA) loan portfolio. The target for 2013 was to get an additional 500 properties to complete or contracted stage. In excess of 430 properties reached this stage by December 2013. Quarterly progress reports are published on the Housing Agency's website.

*Housing Assistance Payment (HAP):* On the 17th December 2013, the Government approved as a priority the drafting of required legislation for the introduction of Housing Assistance Payment (HAP). The Housing Agency was represented on both the Housing Assistance Payment (HAP) Oversight Group and also on the Project Board. The Housing Agency has also been identified as having a key role in a number of the work streams. The Housing Agency had a key role in the business process design and assisted the Department of Environment, Community and Local Government (DoECLG), informing the drafting of the legislation process. The Housing Agency also undertook assessment of the design of a deposit protection scheme for Housing Assistance Payment (HAP) and the development of eligibility criteria for Housing Assistance Payment (HAP). The Housing Agency undertook analysis work on rents and housing needs data to determine the impact of varying the income limits on entry to Housing Assistance Payment (HAP) and social housing supports and social impact assessment for Housing Assistance Payment (HAP).

The Housing Agency also provided assistance to Local Authorities in the implementation of the pilot scheme, and the implementation of the national roll-out of this scheme, through a training seminar and a suite of documentation relevant to the programme.

*Differential Rent Framework:* During 2013, the Housing Agency carried out analysis in respect of a new rents framework and provided details to the Department for their consideration on the rents framework. The first report related to potential revisions and different approaches to the banding structure, and the second related to potential structure for the charging of service charges under the new rents schemes.

*Housing Manual:* The Housing Agency also maintains an online central data source which provides housing practitioners with information on housing management. This is the Housing Manual. There are now a total of 573 users registered on the site, with 72% of users representing Local Authority housing practitioners and 15% of users representing practitioners from the Approved Housing Body sector. Since re-launching the Housing Manual in December 2012, there have been 5,207 visits to the site, with 46,404 page views.

*Underwriting Service to Local Authorities:* The Housing Agency provides a centralised shared services unit which carries out the underwriting services in respect of house purchase loans submitted to Local Authorities nationally. There are two types of Local Authority house purchase loans, 1 Housing Purchase Loan and 2 Home Choice Loan:

*House Purchase Loan:* A total of 537 House Purchase Loan applications were received in 2014. The number of applications recommended for approval and decline was 30% and 70% respectively. 41 applications were received in January 2015 of which almost 38% were recommended for approval.

*Mortgage to Rent:* As noted above, the Agency supports the State by operating the Mortgage to Rent scheme nationally with lending institutions. At the 31st December 2013 the total number of applications assessed by the Housing Agency under the initiative was 1,953.

*Local Authority Mortgage to Rent:* A pilot scheme for the Mortgage to Rent within the Local Authority sector was rolled out in Dublin and Westmeath in December 2012 with the assistance of the Housing Agency. This pilot was successful and the full Local Authority scheme was launched in February 2014.

*Mortgage Arrears Resolution Process (MARP):* The Agency facilitated training for Local Authority staff on the MARP at the request of the Department of Environment, Community and Local Government (DoECLG) and the Loan Management Group of the Code of Conduct on Mortgage Arrears (CCMA). The Housing Agency provided specialised coaching for Local Authority staff.

## Technical Services

The Technical Services section provided for assistance to Local Authorities with refurbishment and regeneration schemes and other professional services.

*Regeneration Projects:* In respect of supports to Limerick City Council, the Housing Agency provided services to assist the completion of the Framework Plans and Implementation Reports for the four Limerick Regeneration areas; the Housing Agency also prepared the Design Guides/Public Realm Strategies for the same regeneration areas. These guides were supplementary documents to Limericks Framework Plans & Implementation Reports.



Refurbishment Projects: The Housing Agency undertook work in respect of the design and project management of a number of refurbishment projects, these included Carrigeen and the Wilderness Estate (Clonmel) and included the refurbishment of 56 units, North Tipperary County Council, the refurbishment of 33 units across three developments: Ard Mhuire, Templetuoghy and Derrynflan, and in Fingal County Council work on the refurbishment of 30 units for Skerries Phase 2B.

Other Supports and Projects: Work was carried out in respect of a number of legacy projects which had transferred from the National Building Agency Limited (NBA). These included the Boardwalk in New Ross, Bosheen Estate, Tralee Masterplan Review, Sports Centre Dundalk Town Council, Traveller Accommodating in Cork and Remedial Works for Mullaghmat Phase 3 in Monaghan County Council.

The Housing Agency also provide architectural supports to Dublin City Council in relation work being undertaken at Fr Scully House.

Completion of Projects: The Housing Agency also carried out work to finalise accounts on projects and handed these over to the clients. These were the new Library Wexford, Cliona Park Moyross, housing at Mitchel's Crescent Tralee, two refurbishment projects in North Tipperary and the Boardwalk New Ross, Co. Wexford and a housing refurbishment project for Fingal County Council.

Condition Surveys: The Housing Agency provides audit and inspection services to Local Authorities of existing housing units as part of the implementation of the Government's housing policy (i.e. social leasing). This work is ongoing in the Dublin region.

Planning Services: The Housing Agency carried out planning studies for a number of local authorities, these included the Athlone Canal Planning Study and a preliminary master planning study for Granard in Co. Longford.

Disability / Access Related: The Housing Agency also provides technical services in respect of disabilities and access. They include:

- Assessment of applications for Disability Access Certificates as a shared service to Dublin City Council
- Preparation of life cycle costs for the Centre for Excellence in Universal Design (CEUD) in liaison with the Department of Environment, Community and Local Government (DoECLG) in relation to the design and costing of Universal Design homes. Preparation of a document that identifies the key features and space standards required to achieve Universal Design standards for both Local Authority and private dwellings.

## Prompt Payments

On behalf of the Board, I acknowledge our responsibility for ensuring compliance with the Prompt Payments of Accounts Act 1997.

Under Government decision in 2011, the Housing Agency was required to make payment of all invoices within 15 days. The performance of the Housing Agency from the implementation of this policy in the 17 month period ended 31 December 2013 is outlined below.

Details	Number	Value (€)	Percentage (%) of total invoices paid	Percentage (%) of the total amount paid
Total invoices paid in period to 31 December 2013	615	2,158,737	100%	100%
Number of invoices paid within 15 days	606	2,078,123	98.54%	96.3%
Number of invoices paid within 16 days to 30 days	8	78,830	1.30%	3.7%
Number of invoices paid in excess of 30 days	1	1,783	0.16%	0.1%
Number of invoices disputed in period to 31 December 2013	0	0	0	0
<b>Total</b>	<b>615</b>	<b>2,158,737</b>		

On behalf of the Board, I acknowledge our responsibility for ensuring full compliance with all Government Policy and Corporate Governance Guidance as set by Government. I am satisfied that the Housing Agency is compliant with the travel policy set by the Government, and I would like to affirm that all travel taken was in line with this policy.

## Conclusion

2013 was a year of change for the Housing Agency, but it was also a year with many successes. It was the agency's first full year of trading and I believe the Housing Agency's identity is now well established among government and other key Stakeholders. I have no doubt that 2014 will be a time of further growth and achievement for the Agency.

I would like to thank the Board and staff of the Housing Agency for their support throughout 2013. I would also like to thank the staff of the Department of Environment, Community and Local Government (DoECLG) for assistance throughout the year.



**John O' Connor**  
**Chief Executive Officer**



#### 4. Statement of Responsibilities of the Board

Section 11(1) of the Housing and Sustainable Communities Agency (Housing Agency) Establishment Order, SI No. 264 of 2012 requires the Housing Agency to keep, in such form as may be approved by the Minister with the consent of the Minister for Finance, all proper and usual accounts of all the moneys received or expended by it, and in particular, to keep all such special accounts as the Minister with the consent of the Minister for Finance may from time to time direct.


The Housing Agency is required to prepare financial statements annually and to submit them to the Comptroller and Auditor General for audit.

In preparing these statements the Housing Agency is required to:

- Select suitable accounting policies and apply them consistently
- Make judgments and estimates that are reasonable and prudent
- Prepare financial statements on a going concern basis unless it is inappropriate to presume that the Board will continue in operation, and
- Disclose and explain any material departures from applicable accounting standards.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Housing Agency, which enables the Board to ensure that the financial statements comply with Section 11(1) of the Establishment Order, 2012. The Board is also responsible for safeguarding the assets of the Housing Agency and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Board



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**Conor Skehan**  
Chairman



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**John O' Connor**  
Chief Executive Officer

24/3/15  
Date

## 5. Statement of Internal Financial Control

### Responsibility for System of Internal Financial Control

On behalf of the Board, I acknowledge our responsibility for ensuring that an appropriate system of internal financial control is maintained and operated.

The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period.

### Key Control Procedures

The Board has taken steps to ensure an appropriate control environment by:

- Clearly defining management responsibilities where procuring services and goods to achieve the best value possible to the Housing Agency
- Establishing controls and procedures to ensure compliance with national and EU procurement requirements
- Establishing formal procedures for reporting significant control failures and ensuring appropriate corrective action

The Board has established processes to identify and evaluate business risks by:

- Identifying the nature, extent and financial implication of risks facing the body including the extent and categories which it regards as acceptable
- Assessing the likelihood of identified risks occurring
- Assessing the body's ability to manage and mitigate the risks that do occur
- Assessing the costs of operating particular controls relative to the benefit obtained

The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties and a system of delegation and accountability. In particular it includes:

- A budgeting system with an annual budget which is reviewed and agreed by the Board
- Reviews by the Board of periodic and annual financial reports which compare financial performance against forecasts
- Setting targets to measure financial and other performance

The Audit and Risk Committee met regularly under formal terms of reference. It reviewed the annual financial statements and accounting policies. The Housing Agency outsources its internal audit function, but also has an Internal Audit Officer to carry out regular arbitrary checks. The Committee has the power to review any matters relating to the internal control systems and the Internal Audit Officer.

## Review of Internal Financial Controls

I confirm that the Board carried out a review of the effectiveness of the system of internal financial controls in respect of the 17 month financial period ended 31 December 2013.

I am satisfied that the Housing Agency complied with all the relevant policies and guidance that governs the Housing Agency and adhered to guidance set down by the Department of Public Expenditure and Reform (DPER) in relation to governance. In a number of areas the Housing Agency did not fully comply with standard procurement processes, as it was establishing the new entity and needed to retain certain services for a limited period during the rationalisation process to maintain business continuity. The Housing Agency is committed to improve its procurement procedures, and measures to address this issue are being implemented.



**Conor Skehan**  
**Chairperson**

24/3/15  
\_\_\_\_\_  
**Date**

## **6. Comptroller and Auditor General's Report**

### **Housing and Sustainable Communities Agency**

I have audited the financial statements of the Housing and sustainable Communities Agency for the period ended 31 December 2013, as provided for in section 11 of the Housing and Sustainable Communities Agency (Established) Order 2012. The financial statements, which have been prepared under the accounting policies set out therein, comprise the statement of accounting policies, the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. The financial statements have been prepared in the form prescribed under Section 11 of the Order and in accordance with generally accepted accounting practice in Ireland.

#### **Responsibilities of the Members of Agency**

The Agency is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the state of the Agency's affairs and of its income and expenditure and for ensuring the regularity of transactions.

#### **Responsibilities of the Comptroller and Auditor General**

My responsibility is to audit the financial statements and report on them in accordance with the applicable law.

My Audit is conducted by reference to the special considerations which attach to state bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Boards Ethical Standards for Auditors.

#### **Scope of Audit of the Financial Statements**

An Audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- Whether the accounting policies are appropriate to the Agency's circumstances, and have been consistently applied and disclosed
- The reasonableness of significant accounting estimates made in the preparation of the financial statements and
- The overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of the audit.

In addition, I read the Agency's annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material or inconsistencies, I consider the implications for my report.

### **Opinion on the Financial Statements**

In my opinion the financial statements, which have been properly prepared in accordance with generally accepted accounting practice in Ireland, give a true and fair view of the State of the Agency's affairs at 31 December 2013 and of its income and expenditure for the period then ended.

In my opinion, proper books of account have been kept by the agency. The financial statements are in agreement with the books of account.

### **Matters on which I report by exception**

I report by exception if

- I have not received all the information and explanations I require for my audit, or
- My audit noted any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- The information given in the Agency's annual report is not consistent with the related financial statements, or
- The statement on the internal financial control does not reflect the Agency's compliance with the Code of Practice for the Governance of State Bodies, or
- I find there are other material matters relating to the manner in which public business had been conducted

I have nothing to report in regards to those matters upon which reporting is by exception.

**Seamus McCarthy**  
**Comptroller and Auditor General**  
**30<sup>th</sup> June 2015**

## 7. Statement of Accounting Policies

### 7.1 Establishment of the Housing Agency

The Housing Agency was formerly established on a statutory basis on 01 August 2012 (Establishment Day) under the Housing and Sustainable Communities Agency (Establishment) Order 2012 (S.I. No. 264 of 2012). This establishment followed on from the enactment of the Local Government (Miscellaneous Provisions) Act 2012. Article 5 of the Establishment Order sets out the functions of the Housing Agency as follows:

- (a) shared and central services
- (b) research, advisory, information and training services
- (c) consultancy, technical and strategic planning services
- (d) procurement services
- (e) agency services
- (f) at the request of the Minister, the preparation, holding, arrangement and publication of indices of residential property, including indices in relation to residential housing sales and residential property rents
- (g) the arrangement, co-ordination and provision of social and economic regeneration, including the development and improvement of land and infrastructure, and
- (h) the coordination of, and contribution to, the resolution of issues relating to unfinished housing developments.

The Housing Agency operated through the Housing and Sustainable Communities Limited (HSC Ltd) from 2011 to May 2013, whilst awaiting its formal establishment by statutory instrument. Housing and Sustainable Communities Limited (HSC Ltd) is a subsidiary of the National Building Agency Limited (NBA). During 2013, all of the assets and liabilities of Housing and Sustainable Communities Limited (HSC Ltd) were transferred to the Housing Agency. The Housing Agency succeeded in, and continues the function, responsibility and role of Housing and Sustainable Communities Limited (HSC Ltd). An application will be made in 2015 to the Companies Registration Office (CRO) to have HSC Ltd voluntarily struck off.

Included in the assets transferred were development Lands (note 9) and lands held under the Land Aggregation Scheme (note 14).



## 7. Statement of Accounting Policies (cont'd)

### 7.2 Basis of Preparation

The financial statements are prepared in accordance with section 11 of the Housing and Sustainable Communities Agency (Establishment) order 2012 under the accruals method of accounting, except as indicated below, and in accordance with general accepted accounting principles under the historical cost convention. Financial Reporting Standards as recommended by the recognised accountancy bodies are adopted, as they become operative.

The financial statements include costs relating to the establishment of the Pyrite Resolution Board. These are disclosed in note 5 to the financial statements. The Board was established with effect from 10 January 2014.

### 7.3 Income Policy

#### (a) Oireachtas Grants

These items are accounted for on a cash receipts basis.

#### (b) Other Income

All other income is accounted for on an accrual basis.

#### (c) Accrued Income

Fee income is recognised in respect of work completed not yet invoiced. The value is calculated based on the percentage completion of the work and includes direct costs and profit. The amount due is recognised as accrued income and included as an asset.

### 7.4 Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes all costs that are directly attributable to bringing the asset into working condition for its intended use.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value, of each asset systematically over its expected useful life, as follows:

Fixtures, fittings and equipment	-12.5% Straight Line
Land and Buildings	- 2% Straight Line
Computer Equipment	- 20% Straight Line

#### **7.4 Tangible Fixed Assets and Depreciation (cont'd)**

Fixed Assets with a net book value of €33,955 were transferred from HSC Ltd to the Housing Agency during 2013. These Fixed Assets are included on the Balance Sheet at year end, with a corresponding balance included as part of the Contribution Reserve Fund.

#### **7.5 Development Land**

Development land held by the Housing Agency was originally bought by the National Building Agency Limited (NBA) and Housing and Sustainable Communities Limited (HSC Ltd) for future development purposes. As part of the rationalisation process, these assets were transferred to the Housing Agency. These were transferred into the Housing Agency in 2013 at their open market value. The total value of these at the time of transfer was €1,441,247 (note 9).

This land is currently not under development. It is envisaged, that where this land is suitable for housing, be it social housing or other housing purposes, it will be utilised for this, should there be a need in the area. Any possible use of any of these sites would be determined in consultation with the Department of the Environment, Community and Local Government (DoECLG).

#### **7.6 Land Aggregation Scheme**

The Land Aggregation Scheme was developed by the Department of the Environment, Community and Local Government (DoECLG) in 2010, to alleviate the financial burden of local authorities redeeming loans from the Housing Finance Agency (HFA), where anticipated development had not proceeded as planned and where loans had fallen due for payment.

Under the scheme, local authorities could be considered to transfer residential development land on which there were outstanding Housing Finance Agency (HFA) loans to the Housing Agency. Land was transferred to the Housing Agency for a nominal fee of €1.

The Housing Agency carried out the assessment of any lands proposed under the scheme, and issued a recommendation to the Department of the Environment, Community and Local Government (DoECLG) for a decision to be made as to whether the lands should be included in the scheme. Only land which had reasonable residential development potential and which there were no plans to develop in the short to medium term could be transferred.

## 7.6 Land Aggregation Scheme (cont'd)

### **Phase 1:**

Initially the scheme allowed for the Department of the Environment, Community and Local Government (DoECLG) to make funds available to the relevant local authority to redeem the maturing loan in full. This would only occur prior to the lands transferring to the Housing Agency.

### **Phase 2:**

In June 2012, the Department of the Environment, Community and Local Government (DoECLG) revised the arrangements of the scheme, whereby the maturing loan was converted to an annuity loan provided by the Housing Finance Agency (HFA), with local authorities making annuity payments to the Housing Finance Agency (HFA). The new arrangements stipulated that the local authority could recoup the payments made to the Housing Finance Agency (HFA) from the Department of the Environment, Community and Local Government (DoECLG) on the condition that the related lands transferred to the Housing Agency.

Properties transferred to the Housing Agency under the Land Aggregation Scheme are held in trust on behalf of the Department of the Environment, Community and Local Government (DoECLG). The Housing Agency is responsible for the management and maintenance of the lands transferred under the scheme. The Housing Agency does not have the authority to dispose of or develop a site, without Ministerial sanction.

As the land acquired by the Housing Agency under the land aggregation scheme for nominal consideration is not held beneficially it is therefore included at nil value in these financial statements.

During the 17 month period to 31 December 2013, a total of 32 sites were transferred to the Housing Agency from Housing and Sustainable Communities Limited (HSC Ltd). An additional two were transferred directly to the Housing Agency from local authorities (Note 14).

## 7.7 Superannuation Scheme

The Housing and Sustainable Communities Agency operates a defined benefit pension scheme which is funded annually on a pay-as-you-go basis from monies available to it, including monies provided by the Department of Environment, Heritage and Local Government and from contributions deducted from staff salaries.

Pension costs reflect pension benefits earned by employees in the period and are shown net of staff pension contribution which are retained by the Housing and Sustainable Communities Agency. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments.

Actuarial gains or losses arising on scheme liabilities are reflected in the Statements of Total Recognised Gains and Losses and a corresponding adjustment is recognised in the amount recoverable from the Department of Environment, Heritage and Local Government.

Pension liabilities represent the present value of future pension payments earned by staff to date. Deferred pension funding represents the corresponding asset which will be recovered in future periods from the department of Environment, Heritage and Local Government.

#### **7.8 Capital Account**

The Capital Account represents the unamortised amount of income used to purchase fixed assets.

#### **7.9 Currency**

The unit of currency in which the financial statements are denominated is the Euro.

## Income and Expenditure Account For 17 months to 31 December 2013

<u>Income</u>	Notes	17 Months 2013 €
	1	
DoECLG Grant	1.1	1,577,444
DoECLG For NBA Wind Down	1.1	200,000
DoECLG Pyrite Recoupments	1.1	120,567
DoECLG Other Recoupments	1.1	175,851
Fee Income	1.2	648,633
Recoupment NBA Pay Costs	1.3	1,112,832
Recoupment of Expenses Other State Bodies	1.4	562,602
Rental Income	1.5	20,050
Other Income	1.6	12,295
Net Deferred Funding for Pensions	15(c)	6,000
		<u>4,436,274</u>
<u>Expenditure</u>		
Personnel Costs	2	2,825,425
Office Administration Costs	3	286,634
Legal and Professional Fees	4	679,630
Pyrite Remediation Scheme	5	118,045
Depreciation	7	10,492
Other Costs	6	51,625
Pension Costs	15(a)	6,000
		<u>3,977,851</u>
		<u>458,423</u>

As the Housing Agency was established on 01 August 2012, no prior period Income and Expenditure or Balance Sheet information is available.

There were no recognised gains and losses other than those disclosed in the income and expenditure account.

The Accounting Policies and Notes 1 to 20 form part of the Financial Statements.

Signed on behalf of the Board by:

  
 \_\_\_\_\_  
**Conor Skehan**  
 Chairperson

  
 \_\_\_\_\_  
**John O'Connor**  
 Chief Executive Officer

24/3/15  
 \_\_\_\_\_  
**Date**

**Statement of Total Recognised Gains and Losses  
For 17 months to 31 December 2013**

	Notes	17 Months 2013 €
Surplus for the Period	12	458,423
Experience loss on pension liability due to transfer of staff	15(d)	(554,000)
Deferred Pension Funding	15(d)	544,000
<b>Total Recognised Gain for the Period</b>		<u><u>458,423</u></u>

The Accounting Policies and Notes 1 to 20 form part of the Financial Statements.

Signed on behalf of the Board by:

  
 \_\_\_\_\_  
**Conor Skehan**  
 Chairperson

  
 \_\_\_\_\_  
**John O'Connor**  
 Chief Executive Officer

24/3/15  
 \_\_\_\_\_  
**Date**



## Balance Sheet as at 31 December 2013

	Notes	17 Months 2013	
<b>Fixed assets</b>		€	€
Tangible Assets	7		262,941
<b>Current assets</b>			
Accrued Income	8	198,299	
Development Lands	9	1,441,247	
Debtors	10	323,898	
Lands Held Under Aggregation Scheme	14	34	
Cash At Bank And In Hand		669,258	
		<u>2,632,736</u>	
<b>Current Liabilities</b>			
Creditors	11	(532,510)	
Net Current Assets			<u>2,100,226</u>
<b>Total Assets less Current Liabilities before Pensions</b>			<u><u>2,363,167</u></u>
Deferred Pension Funding	15(c)	560,000	
Pension Liabilities	15(b)	(560,000)	
<b>Total Assets less Current Liabilities</b>			<u><u>2,363,167</u></u>
<b>Capital and Reserves</b>			
Capital Contribution	12		1,904,744
Income and Expenditure Account	12		458,423
			<u><u>2,363,167</u></u>

The Accounting Policies and Notes 1 to 20 form part of the Financial Statements.

The financial statements were approved by the Board on 24 March 2015 and signed on its behalf by:

  
 \_\_\_\_\_  
**Conor Skehan**  
 Chairperson


  
 \_\_\_\_\_  
**John O'Connor**  
 Chief Executive Officer

24/3/15  
 \_\_\_\_\_  
 Date

## Cash Flow Statement For 17 Months to 31 December 2013

	Notes	17 Months 2013 €
<b>Reconciliation of Net Movement for the Period to Net Cash Inflow from Operating Activities</b>		
Operating surplus for period	12	458,423
Depreciation	7	10,492
Bank Interest Earned		-
Transfer (from) / to Capital Account	12	1,904,744
Decrease / (Increase) in Land and Accrued Income		(1,639,580)
Decrease / (Increase) in Debtors		(323,898)
Increase / (Decrease) in Creditors		532,510
<b>Net Cash Inflow/ (Outflow) from Operating Activities</b>		<b>942,691</b>
<b>Cash Flow Statement</b>		
Net Cash Inflow / (Outflow) From Operating Activities		942,691
<b>Investing Activities</b>		
Payments to Acquire Tangible Fixed Assets	7	(239,478)
Transfer of Tangible Fixed Assets From HSC Ltd	7	(33,955)
<b>Financing Activities</b>		
Bank Interest Earned		-
<b>Increase / (Decrease) in Cash</b>		<b>669,258</b>
<b>Reconciliation of Net Cash Flow to Movements in Net Funds</b>		
Net Funds at 01 August 2012		-
Net Funds at 31 December 2013		669,258
<b>Increase / (Decrease) in Cash</b>		<b>669,258</b>

The Accounting Policies and Notes 1 to 20 form part of the Financial Statements.

  
24/3/15



## Notes to the Financial Statements

### For the 17 month period ended 31 December 2013

#### 1 Income

##### 1.1 Department of the Environment, Community and Local Government (DoECLG)

###### Grant Income & Other Recoupments

The Housing Agency was formally established on a statutory basis on the 1st August 2012 (Establishment Day) under the Housing and Sustainable Communities Agency (Establishment) Order 2012 (S.I. No. 264 of 2012), and receives funding from the Department of the Environment, Community and Local Government (DoECLG). The Department of the Environment, Community and Local Government (DoECLG) provides an annual state grant to the Housing Agency to support the work undertaken.

On behalf of the Department of the Environment, Community and Local Government (DoECLG) the Housing Agency undertakes the remediation of pyritic affected homes that have been accepted into the Pyrite Remediation Scheme. From 2014 the Department of the Environment, Community and Local Government (DoECLG) is expected to provide specific funding to the Housing Agency in respect of the Pyrite Remediation Scheme, on behalf of the Pyrite Resolution Board.

The Department of the Environment, Community and Local Government (DoECLG) also requested the Housing Agency to undertake work that was outside of the service level agreement, which incurred additional costs. The recoupment of these costs was agreed upon.

	17 Months 2013 €
DoECLG Grant	1,577,444
DoECLG for The National Building Agency Limited (NBA) wind down	200,000
DoECLG Pyrite Recoupments	120,567
DoECLG Other Recoupments	175,851

##### 1.2 Fee Income

Fee income represents charges to clients (local authorities or other state bodies) in respect of services undertaken by the Housing Agency, including research services, architectural services, quantity surveying services and inspection services. It also includes Accrued Income invoiced during the period (note 8).

	17 Months 2013 €
Fee Income	648,633

## Notes to the Financial Statements (cont'd)

For the 17 month period ended 31 December 2013

### 1.3 Recoupment of National Building Agency Limited (NBA) Pay Costs

The NBA is being wound down. NBA employees have transferred to other state bodies but in many cases have not been formally redeployed. As an interim measure, these employees are being paid by the Agency and the costs are recouped from the relevant state bodies.

17 Months  
2013

€

Recoupment of The National Building Agency Limited (NBA) Pay Costs

1,112,832

### 1.4 Recoupment of Expenses From Other State Bodies

This relates to a number of items such as recoupment of pay costs for staff seconded to other state bodies and recoupment of costs in respect of work undertaken on behalf of another state body.

17 Months  
2013

€

Recoupment of Expenses From Other State Bodies

562,602

### 1.5 Rental Income

Rental Income comprises of rents received in relation to land assets held by the Housing Agency.

17 Months  
2013

€

Rental Income

20,050

### 1.6 Other Income

This primarily relates to movement in respect of the income provided by the National Building Agency Limited (NBA) to cover the costs of the Foley Scholarship that transferred to the Housing Agency.

17 Months  
2013

€

Other Income

12,295

## Notes to the Financial Statements (cont'd)

For the 17 month period ended 31 December 2013

<b>2</b>	<b>Employees and Board Members</b>	<b>17 Months</b>
		<b>2013</b>
		<b>€</b>
<b>(a)</b>	<b>Number of employees</b>	
	The average number of employees during the period was:	36
<b>(b)</b>	<b>Employment costs</b>	
	Wages and salaries	1,246,231
	Social Welfare costs	95,514
	Other pension costs	65,374
	Costs in respect of The National Building Agency Limited (NBA) assigned staff	1,199,355
	Social welfare Costs in respect of NBA assigned staff	121,905
		<u>2,728,379</u>
	Travel and Other Staff Costs	97,046
		<u>2,825,425</u>
<b>(c)</b>	<b>Pension Related Deduction</b>	
	During the period 01 August 2012 to 31 December 2013 pension related deductions of €75,573 were deducted from staff and paid over to the Department of the Environment, Community and Local Government (DoECLG).	
<b>(d)</b>	<b>Board Members Emoluments</b>	
	Board members are not in receipt of fees for sitting on the Board of the Housing Agency, and no expenses were paid in respect of the period 01 August 2012 to 31 December 2013.	
<b>(e)</b>	<b>Chief Executive's Remuneration</b>	
	The Chief Executive's salary for 2013 was €121,302. This is based on the scale for Manager Level 5, plus 7.5% expenses which amounted to €9,096. This also reflects the reduction in salary by 8% under the Financial Emergency Measures in the Public Interest (No.2) Act 2009, and as directed by the Department of Environment, Community and Local Government (DoECLG), and the reduction of salary under the Haddington Road agreement implemented during 2013. The Chief Executive is part of a Local Government model public sector defined benefit superannuation scheme.	

**Notes to the Financial Statements (cont'd)**  
For the 17 month period ended 31 December 2013

<b>3</b>	<b>Office Administration Costs</b>	<b>17 Months 2013</b>
		€
	Rent Payable	3,938
	Rates	31,464
	Insurance	30,993
	Light and Heat	27,285
	Cleaning	7,132
	Repair and Maintenance	5,129
	Printing Postage and Stationary	18,196
	Communications	6,332
	Information Communications Technology	91,290
	Premises Costs	14,864
	Bank Charges	483
	Meeting and Kitchen Costs	11,995
	General Expenses	8,731
	Local Authority Training	18,450
	Tender Deposits	1,400
	Foley Scholarship	8,952
		<u>286,634</u>
<b>4</b>	<b>Legal and Professional Fees</b>	<b>17 Months 2013</b>
		€
	Legal and Professional	552,387
	Accountancy	62,200
	Audit	47,213
	Internal Audit	17,830
		<u>679,630</u>
<b>5</b>	<b>Pyrite Remediation Scheme Costs</b>	<b>17 Months 2013</b>
		€
	Pay Costs	84,595
	Travel and Other Staff Costs	6,529
	Information Communications Technology	11,476
	Legal and Professional	15,445
		<u>118,045</u>



**Notes to the Financial Statements (cont'd)**  
For the 17 month period ended 31 December 2013

<b>6 Other Costs</b>	<b>17 Months 2013</b>
	€
Other Costs	51,625
	<u>51,625</u>

The Housing Agency has made a provision of €51,625 in respect of future remediation and legal costs on its land holdings.

<b>7 Fixed Assets</b>	<b>Fixtures fittings and equipment</b>	<b>Buildings</b>	<b>Computer Equipment</b>	<b>Total</b>
	€	€	€	€
<b>Cost</b>				
Opening Balance at 01 August 2012	-	-	-	-
Additions at Cost	28,330	165,972	45,176	239,478
Fixed Asset Transfer	8,671	-	25,284	33,955
Balance at 31 December 2013	<u>37,001</u>	<u>165,972</u>	<u>70,460</u>	<u>273,433</u>
<b>Depreciation</b>				
Opening Balance at 01 August 2012	-	-	-	-
Depreciation for the Period	5,703	2,757	2,032	10,492
Balance at 31 December 2013	<u>5,703</u>	<u>2,757</u>	<u>2,032</u>	<u>10,492</u>
<b>Net Book Value</b>				
At 31 December 2013	<u>31,298</u>	<u>163,215</u>	<u>68,428</u>	<u>262,941</u>

During the year the Housing Agency moved to new premises located at 53 Mount Street Upper, Dublin 2. Building costs were incurred in improving the premises in order to meet the needs of the Housing Agency.

Fixed Assets with a Net Book Value of €33,995 were transferred to the Housing Agency from Housing and Sustainable Communities Limited (HSC Ltd) during 2013.

## Notes to the Financial Statements (cont'd)

### For the 17 month period ended 31 December 2013

<b>8 Accrued Income</b>	<b>17 Months 2013</b>
	€
Balance of Accrued Income Transferred from HSC Ltd	290,512
Income Invoiced up to 31 December 2013	(92,213)
Accrual for Completed Work Not Invoiced at 31 December 2013	-
Accrued Income at 31 December 2013	<u>198,299</u>

Accrued Income comprises work carried out but not yet invoiced. The Closing accrued income balance in Housing and Sustainable Communities Limited (HSC Ltd) of €290,512 (note 12) was transferred to the Housing Agency during 2013, and it is shown as opening accrued income in the Housing Agency, with the corresponding amount forming part of the Contribution Reserve Fund.

<b>9 Development Lands</b>	<b>17 Months 2013</b>
	€
Development Lands	<u>1,441,247</u>
	<u>1,441,247</u>

Development lands held by the Housing Agency comprise eight sites which were transferred from Housing and Sustainable Communities Limited (HSC Ltd) during 2013. The market value of these lands as at 06 March 2013 was €736,822. This valuation was carried out by Sherry Fitzgerald Limited, Auctioneers and Valuers.

An additional five sites transferred from the National Building Agency Limited (NBA) directly to the Housing Agency in 2013. The value of these lands as at 06 March 2013 was €741,501. This valuation was carried out by Sherry Fitzgerald Limited, Auctioneers and Valuers. Disposal costs of 5% of the market value of these lands were accrued in the accounts of the NBA prior to the transfer. The Board of the Housing Agency have adopted a similar and prudent approach by including a provision of €37,076 for future disposal costs. This provision is also calculated as 5% of the market value of these lands (note 6).

<b>10 Debtors</b>	<b>17 Months 2013</b>
	€
Trade Debtors	246,198
Other Debtors	36,834
Prepayments	40,866
	<u>323,898</u>

## Notes to the Financial Statements (cont'd)

For the 17 month period ended 31 December 2013

11 Creditors: amounts falling due within one year	17 Months 2013 €
Trade Creditors	(6,112)
Other Creditors	(109,313)
Harcourt Liability (a)	(196,406)
Accruals	(182,745)
PAYE/PRSI	(33,781)
Value Added Tax	(4,153)
	<u>(532,510)</u>

### (a) Harcourt Liability

All liabilities of the Affordable Homes Partnership (AHP) at 31 December 2010 were taken over by the Department of the Environment, Community and Local Government (DoECLG) including contractual obligations with regard to a land exchange transaction with a third party private entity for a state owned property at Harcourt Terrace, Dublin 2.

During 2012, a High Court case in respect of this land exchange was ruled in favour of the third party private entity. Subsequent to this ruling, the Department of the Environment, Community and Local Government (DoECLG), the Office of Public Works (OPW), the third party private entity reached an agreement on the final settlement arising from this ruling.

In accordance with the agreement reached, the Department of the Environment, Community and Local Government (DoECLG) and the Office of Public Works (OPW), advanced moneys of €11,553,793 to the Housing Agency. Following instruction from the Department of the Environment, Community and Local Government (DoECLG) and the Office of Public Works (OPW), these monies were paid onto the beneficiary during the 17 month period ended 31 December 2013. Additional amounts were to be advanced during 2014. The Housing Agency, through its bank account, facilitated the receipt and payments of these monies to the ultimate beneficiary. In providing this facility, the Housing Agency did not charge any fees or commissions to any party concerned.

As of 31 December 2013, the sum of €196,406 remains with the Housing Agency in respect of this liability. This amount is held at the direction of the Department of the Environment, Community and Local Government (DoECLG). At 31 December 2013, the Housing Agency has no other liabilities to any party in respect of this matter.

**Notes to the Financial Statements (cont'd)**  
For the 17 month period ended 31 December 2013

12 Reserves	Capital Contribution	Income and Expenditure account	Total
	€	€	€
At 01 August 2012	-	-	-
Surplus for the Period to 31 December 2013	-	458,423	458,423
Net Assets Transferred for Nil Consideration	1,904,744		1,904,744
At 31 December 2013	<u>1,904,744</u>	<u>458,423</u>	<u>2,363,167</u>

The capital contribution relates to the transfer of net assets from the Housing and Sustainable Communities Limited (HSC Ltd), the National Building Agency Limited (NBA) and Fingal County Council to the Housing Agency for Nil consideration on direction of the Department of the Environment, Community and Local Government (DoECLG). The total value of the assets and Liabilities transferred from the relevant bodies are as follows:

**Transferred from the HSC Ltd**

**17 Months  
2013**

	€
Fixed Assets	33,955
Accrued Income	290,512
Development Lands (at open market value)	736,822
Land Aggregation Scheme (at nominal value)	32
Bank & Cash	100,486
Debtors	18,305
Creditors	(16,871)

**Transferred from the NBA**

Development Land transferred from the NBA	741,501
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**Lands transferred from Local Authorities:**

Lands transferred from Local Authorities under the Land Aggregation Scheme	<u>2</u>
	<u><u>1,904,744</u></u>

## Notes to the Financial Statements (cont'd)

For the 17 month period ended 31 December 2013

<b>13</b>	<b>Reconciliation of Movements in Reserves</b>	<b>17 Months 2013</b>
		€
	Surplus for the Period	458,423
	Capital Contributions	<u>1,904,744</u>
	Net Addition to Reserves	2,363,167
	Opening Reserves	-
	Closing Reserves	<u><u>2,363,167</u></u>
<b>14</b>	<b>Land Held under The Land Aggregation Scheme</b>	<b>17 Months 2013</b>
		€
	<b>Cost</b>	
	Land Held Under The Land Aggregation Scheme	<u>34</u>
		<u><u>34</u></u>

The Land Aggregation Scheme (LAG) provided that housing authorities nationally could transfer lands to the Housing Agency, subject to approval from the Minister of the Department of the Environment, Community and Local Government (DoECLG), following the redemption of the outstanding loans on the land from the Housing Finance Agency (HFA). Funding to pay the loan was made available to each housing authority by the Department of the Environment, Community and Local Government (DoECLG).

The terms of the scheme were revised in 2012 when loans were converted into a standard annuity with a term of up to 25 years and the Department of the Environment, Community and Local Government (DoECLG) would recoup the full cost of the capital and interest annuity payments. The land aggregation scheme was discontinued in December 2013, with no further applications being accepted due to budgetary constraints. A total of 73 sites were accepted into the scheme prior to its discontinuation. The Housing Agency holds these properties in trust and at the direction of the Minister of the Department of the Environment, Community and Local Government (DoECLG). The Housing Agency is responsible for the management and maintenance of these sites.

During 2013, 34 Lands were transferred to the Housing Agency under the Land Aggregation Scheme. The Housing Agency holds these properties in trust and at the direction of the Minister of the Department of the Environment, Community and Local Government (DoECLG),

## Notes to the Financial Statements (cont'd)

For the 17 month period ended 31 December 2013

### 14 Land Held under The Land Aggregation Scheme (cont'd)

Site	County	Acres
Tinryland	Co. Carlow	4.70
Hacketstown	Co. Carlow	9.40
Meelin	Co. Cork	4.10
Knocknagree	Co. Cork	3.20
Oakwood	Co. Cork	5.58
Colleras	Co. Cork	1.26
Hampton	Co. Dublin	24.21
Enniskerry Road	Co. Dublin	2.80
Hacketstown	Co. Dublin	18.00
Garristown	Co. Dublin	3.68
Ballyard	Co. Kerry	22.40
Ballinakill	Co. Laois	1.25
Castletown	Co. Laois	1.50
Portlaoise Road	Co. Laois	3.10
Woodbrook	Co. Laois	1.79
Golfinks Road	Co. Laois	2.13
Ballyhahill	Co. Limerick	1.21
Mountcollins	Co. Limerick	1.48
Glin	Co. Limerick	0.80
Knocklong	Co. Limerick	3.46
Bruff	Co. Limerick	2.08
Shinrone	Co. Offaly	3.24
Ballintogher	Co. Sligo	1.31
Tubbercurry	Co. Sligo	0.25
Gibbet Hill	Co. Waterford	2.93
Townpark	Co. Waterford	10.70
Cartontroy & Lissywollen	Co. Westmeath	5.50
Parish Field	Co. Wexford	1.80
Creagh	Co. Wexford	1.80
Hospital Hill	Co. Wexford	10.80
Taghmon	Co. Wexford	8.40
Carrick on Bannow	Co. Wexford	1.30
Ballyowen	Co. Wexford	2.35
Hillview	Co. Wicklow	2.90



**Notes to the Financial Statements (cont'd)**  
For the 17 month period ended 31 December 2013

**15 Pension Scheme**

<b>(a) Analysis of Total Pension Costs Charged to Expenditure</b>	<b>17 Months 2013</b>
	€
Current Service Costs	3,000
Interest on Pension Scheme Liabilities	3,000
	<u>6,000</u>

<b>(b) Analysis of the Movement in the Pension Liability During the Period</b>	<b>17 Months 2013</b>
	€
Opening Liability at 01 August 2012	0
Experience loss on pension liability due to transfer of staff	554,000
Current Service Cost	3,000
Interest Cost	3,000
<b>Net Pension Liability at 31 December 2013</b>	<u><u>560,000</u></u>

**(c) Deferred Funding for Pensions**

The Housing and Sustainable Communities Agency recognises these amounts as an asset corresponding to the unfunded deferred liability for pensions on the basis of the set of assumptions described below and a number of past events. These events include the statutory basis for the establishment of the superannuation scheme, and the policy and practice currently in place in relation to funding public service pensions including contributions by employees and the annual estimate process.

Housing and Sustainable Communities Agency has no evidence that this funding policy will not continue to meet such sums in accordance with current practice.

The Net Deferred Funding for pensions recognised in the Operating Account was as follows:

	<b>17 Months 2013</b>
	€
Funding Recoverable In Respect of Current Period Pension Costs	6,000
State Grant Applied to Pay Pensioners	0
	<u>6,000</u>

**Notes to the Financial Statements (cont'd)**  
For the 17 month period ended 31 December 2013

**15 Pension Scheme (cont'd)**

<b>(d) History of Defined Benefit Obligations</b>	<b>17 Months 2013</b>
	<b>€</b>
Scheme Liability	560,000
Actuarial Loss / (Gain) on Pension Liabilities	554,000
Percentage of the Scheme Liabilities	90.00%

The cumulative actuarial loss recognised in the Statement of Total Recognised Gains and Losses amounted to €554,000.

**(e) General Description of the Scheme**

The Housing Agency operates unfunded defined benefit superannuation schemes for staff. Superannuation entitlements arising under the schemes are paid out of current income and are charged to the Income and Expenditure Account, net of employee superannuation contributions, in the year in which they become payable.

The results set out below are based on an actuarial valuation of the pension liabilities in respect of serving, retired and deceased staff of the Housing Agency as at 31 December 2013. This valuation was carried out by a qualified independent actuary for the purposes of the accounting standard Financial Reporting Standard No. 17 – Retirement Benefits (FRS 17).

***The principal financial assumptions used were:***

<b>Valuation Method</b>	<b>5 Months 2012</b>	<b>12 Months 2013</b>
Discount Rate	5.50%	5.50%
Rate of Increase In Salaries	4.00%	4.00%
Rate of Increase In Pensions	4.00%	4.00%
Inflation	2.00%	2.00%
<b>Average Life Expectancy Used To Determine Liabilities</b>	<b>5 Months 2012</b>	<b>12 Months 2013</b>
Male Aged 65	22	22
Female Aged 65	25	25

Average Future Life Expectancy According to the Mortality Tables Used to Determine The Pension Liabilities.

## Notes to the Financial Statements (cont'd)

For the 17 month period ended 31 December 2013

### 16 Transfer of Housing and Sustainable Communities Limited (HSC Ltd)

The Housing Agency was formerly established on a statutory basis the 1st August 2012 (Establishment Day) under the Housing and Sustainable Communities Agency (Establishment) Order 2012 (S.I. No. 264 of 2012). This establishment followed on from the enactment of the Local Government (Miscellaneous Provisions) Act 2012.

The Housing Agency operated through the Housing and Sustainable Communities Limited (HSC Ltd) from 2011 to May 2013, whilst awaiting its formal establishment by statutory instrument. Housing and Sustainable Communities Limited (HSC Ltd) is a subsidiary of the National Building Agency Limited (NBA).

During 2013, all of the assets and liabilities of Housing and Sustainable Communities Limited (HSC Ltd) were transferred to the Housing Agency. The Housing Agency succeeded in, and continues the function, responsibility and the role of Housing and Sustainable Communities Limited (HSC Ltd). An application will be made in 2015 to the Companies Registration Office (CRO) to have HSC Ltd voluntary struck off.

Included in the assets transferred were development Lands (note 9) and lands held under the Land Aggregation Scheme (note 14).

The table below shows the total income and expenditure of both Housing and Sustainable Communities Limited (HSC Ltd) and the Housing Agency for the 17 month period from the date of establishment of the Housing Agency, 01 August 2012 to 31 December 2013. During this 17 month period, both Housing and Sustainable Communities Limited (HSC Ltd) and the Housing Agency maintained separate accounting systems and records.

The figures included in the table below for Housing and Sustainable Communities Limited (HSC Ltd) are from the audited and signed financial statements of Housing and Sustainable Communities Limited (HSC Ltd). These figures comprise of the aggregate of the last five months of financial year ended 31 December 2012 (01 August 2012 to 31 December 2012) and the full financial year of 12 months to 31 December 2013.

**Notes to the Financial Statements (cont'd)**  
 For the 17 month period ended 31 December 2013

**16 Transfer of Housing and Sustainable Communities Limited (HSC Ltd) (cont'd)**

	17 Months 2013 €
<b><u>Housing and Sustainable Communities Limited (HSC Ltd)</u></b>	
Income	2,504,610
Expenditure	<u>2,846,463</u>
<b>Deficit for the Period</b>	<b>(341,854)</b>
Interest Receivable and Similar Income	<u>21,616</u>
<b>Deficit on Ordinary Activities for the Period Before Taxation</b>	<b>(320,238)</b>
Tax on Deficit on ordinary activities	<u>(10,583)</u>
<b>Deficit for the period</b>	<b><u>(330,821)</u></b>
<b><u>Housing and Sustainable Communities Agency (Housing Agency)</u></b>	
Income	4,436,274
Expenditure	<u>3,977,851</u>
<b>Surplus for the Period</b>	<b><u>458,423</u></b>

**17 Housing Agency Board Members – Disclosure of Interests Ethics in Public Offices Acts 1995 and 2001**

The Housing Agency is required to adhere to the requirements of the Ethics in Public Offices Acts 1995 and 2001 and procedures in accordance with these and they have been adhered to within the period. There were no transactions during the period in relation to the Housing Agency's activities in which the Housing Agency Members had any beneficial interest.

**18 Conflict of Interest**

Doody Crowley Limited is engaged as both internal auditors and accountants for the Housing Agency. Separate engagement partners are involved in each assignment.

**19 Accounting Periods**

The current accounts are for 17 months, for the period commencing 01 August 2012 until the 31 December 2013.

**20 Approval of financial statements**

The Board of Directors approved these financial statements on the 24 March 2015.