



Rialtas na hÉireann
Government of Ireland

Value for Money Unit

Local Government Audit Service

Progress Report No. 7

Progress on the implementation of the recommendations contained in VFM Report No.29:

The oversight role of the Local Authorities in the provision of social housing by Approved Housing Bodies

July 2019

Department of Housing, Planning and Local Government

housing.gov.ie

Local Government Audit Service

The Local Government Audit Service (LGAS), incorporating the Value for Money (VFM) Unit, being an external audit service, provides independent scrutiny of the financial stewardship of local authorities.

The sectoral goals of the LGAS are to:

- carry out the audits of local authorities and other bodies in accordance with the Code of Local Government Audit Practice thereby fostering the highest standards of financial stewardship and public accountability.
- promote the achievement of value for money in local authorities by undertaking Value for Money audits and publishing reports thereon.

It is the responsibility of local authority management to ensure that value for money is achieved by establishing and maintaining sound arrangements including procedures for planning, appraisal, authorisation and control of resources.

This report was prepared on the basis of information, documentation and explanations obtained from the public bodies included in this report. The draft report was sent to all local authorities and relevant Government departments for factual accuracy and where appropriate the comments received were incorporated in the final version of the report. The website of the Department of Housing, Planning and Local Government is the primary means of publishing reports of the Value for Money Unit of the Local Government Audit Service. Should any errors arise they will be corrected in the report published at <http://www.housing.gov.ie/en/publications/localgovernment/auditservice/>

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1. Introduction

The Value for Money (VFM) Unit of the Local Government Audit Service (LGAS) carries out VFM studies and issues reports on local authority operations, with a view to identifying best practice and recommending ways of improving existing procedures, practices and systems and thereby promoting efficiency and cost effectiveness.

The Unit also prepares and issues progress reports on the implementation, by local authorities, of the recommendations contained in the national reports.

A VFM study was carried out to examine how the eight participating authorities administered social housing schemes involving Approved Housing Bodies (AHBs) and to recommend improvements in the management and oversight of this activity in local authorities. VFM Report No. 29 'The oversight role of Local Authorities in the provision of social housing by Approved Housing Bodies' was issued in December 2015.

AHBs are non-profit organisations (also known as Housing Associations or Voluntary/Co-operative housing associations) whose purpose is the provision and management of housing for people with a housing need. They are subject to the conditions set out in the Housing (Miscellaneous Provisions) Act 1992, and are funded for the delivery of housing units and related services by the Department of Housing, Planning and Local Government (the Department) through the local authorities who have an administrative/enabling and oversight role under the social housing funding schemes.

The role of the AHBs in the delivery of social housing is enhanced under Rebuilding Ireland, which sets ambitious growth targets for the sector. In supporting this, the role of the Regulation Office in the Housing Agency is evolving towards statutory regulation. The aim of which, is to provide assurance on the financial viability, good governance of the sector and to safeguard public investment whilst providing assurance to investors and tenants that the sector is well managed.

Individual housing authorities are responsible for the oversight role over AHBs in the provision of social housing, under the various Department social housing schemes, whereby funding is provided to the AHBs through the local authorities. The local authorities determine that proposed housing projects are congruent with their housing needs, provide oversight of capital projects and inspection of standards of accommodation. Their role includes the nomination/allocation of housing units to tenants, and ongoing monitoring the terms of the funding schemes including conditions of mortgage agreements.

The main schemes examined under VFM Report No. 29 were as follows:

- Capital Assistance Scheme (CAS) :
Capital funding for either construction or acquisition of housing accommodation for priority groups including elderly, homeless, people with special needs, including those moving from congregated settings to community based living, care leavers etc. This is grant type funding provided to the AHBs, however, a 20/30 year mortgage agreement is in place between the AHB and the local authority.

- **Capital Loan Subsidy Scheme (CLSS):**
The provision of general purpose accommodation for people on the local authority housing list. This scheme has been effectively wound up for new projects since 2011, although there are still units remaining under 20/30 year mortgage agreements (which is effectively a grant) with the AHBs and the local authority. The local authority draws down a loan for the project and makes repayments to the Housing Finance Agency (HFA) which are reimbursed by the Department. The AHB receive annual management and maintenance (M&M) funding from the Department via the local authorities.
- **Social Housing Current Expenditure Programme (SHCEP):**
The provision of general purpose accommodation providing units through financial support to local authorities and AHBs for leasing arrangements (with property owners, AHBs and NAMA). Capital funding is provided via long term (unsecured) loans under the Capital Advance Leasing Facility (CALF) to AHBs to assist with the financing of the construction or purchase of social housing units. These units are then leased by Payment and Availability Agreements (PAA) from the AHBs by the local authorities under funding arrangements with the Department.

A follow-up of the implementation of the recommendations contained in VFM Report No. 29 was completed in 2018. Local authorities were requested to confirm the accuracy of this data included in the report and/or provide any further updates in progress, in the second quarter of 2019. The purpose of this report is to assess the progress made by the 31 city and county councils in implementing the recommendations relevant to them.

The 31 city and county councils were requested to complete a questionnaire and provide relevant backup documentation and all 31 authorities complied with this request. Each of the city and county councils were visited by staff of the LGAS who verified the responses given in the questionnaire. The results of the questionnaire are summarised under findings below. The responses received in relation to each recommendation are summarised under each recommendation heading. The extent of the implementation of the recommendations contained in VFM Report No. 29 by each city and county council is set out in Exhibits 1-3 on pages 21 to 24 of this report.

The relevant sections within the Department reviewed this report and have provided an update on the issues arising in part 2 findings of this progress report. Part 3 gives the conclusion to the report and part 4 outlines the developments in governance and regulation and the role of the Housing Agency Regulation Office. The Department also provided information on the Central Credit Register (CCR), which has been included in part 5.

2. Findings

The progress on the implementation of the recommendations, set out in VFM Report No. 29, is shown below. It is important to emphasise that the review of the compliance with the recommendations contained in VFM Report No. 29 was carried out in late 2017/early 2018. In the second quarter of 2019 the local authorities were given the opportunity to confirm the factual accuracy of the information provided and to give any updates on any progress made on the implementation of recommendations. All local authorities confirmed factual accuracy, and nineteen provided updates which have been incorporated into this report.

Exhibit 1 shows the recommendations made in VFM Report No. 29 and the number of the 31 local authorities that have implemented each of the recommendations.

Exhibit 2 shows the breakdown by local authority of the recommendations which have been fully or partially implemented and those which were not implemented or not applicable.

Exhibit 3 shows a summary of the overall compliance (as a percentage) by each of the city and county councils with the recommendations contained in VFM Report No. 29.

Section One: Registration of Mortgage

Recommendation No. 1(a)

Local authorities should conduct a review to ensure that all mortgages have been properly registered, reconciled with the mortgage amount drawn down from the Housing Finance Agency (HFA) where applicable, and that the project approved amount is in agreement with their financial records.

Progress on implementation of recommendation

Nine (29%) of local authorities complied with this recommendation, twenty (65%) partially complied and two (6%) did not comply with this recommendation.

Twenty local authorities gave a partial compliance response, and at least twelve of these stated that the reviews were ongoing to compile registers and ensure all mortgages registered as resources permitted.

Two local authorities have provided no evidence that they have conducted a review of mortgages to ensure that they have been properly registered, reconciled with amount drawn down from HFA and in agreement with the financial records.

Recommendation No. 1(b)

Details of the mortgage, maturity date and folio documentation should be maintained on a comprehensive register, which will help to expedite discharge and release of mortgage deeds on maturity (Circular Housing 19/2014).

Progress on implementation of recommendation

Twelve (39%) of the local authorities complied with this recommendation, thirteen (42%) partially complied and six (19%) did not comply with this recommendation.

The main reason for partial compliance was that the work was underway on bringing registers up-to-date. Non compliance was due to a lack of a comprehensive mortgage

register/database, although two of the local authorities stated that they hoped to comply when databases/systems had been completed.

Recommendation No. 1(c)

On the sale of a property by an AHB, prior approval should be given by the local authority who should also seek Departmental approval.

Progress on implementation of recommendation

Seventeen (55%) of the local authorities complied with this recommendation, three (10%) partially complied and eleven (35%) stated that this recommendation was not applicable as they did not have sales of any AHB properties.

The main reason for partial compliance was that property was sold, and local authority ensured that the mortgage was redeemed/money returned to the Department.

Recommendation No. 1(d)

For new projects, final payments should not be released by the local authority to the AHB, until registration of the mortgage charge on the property has been finalised.

Progress on implementation of recommendation

Twenty one (68%) of the local authorities complied with this recommendation, five (16%) partially complied, four (13%) did not comply, one (3%) replied not applicable as there had been no new properties with mortgages in recent years.

The main reason for non compliance was that they did not want to jeopardise sales and they rely on the expertise of solicitors to register the mortgage soon afterwards. Similarly in the partial compliance cases, a temporary deed of mortgage/ guarantee is in place, or they rely on the expertise of the solicitor to ensure that the mortgage has been registered.

Update provided by the Department on activity since survey was undertaken:

Local authorities have been undertaking a review of existing AHB loans and mortgages as part of preparing for meeting the requirements of the Credit Servicing Regulations (see Part 5 below). The Department has been assisting local authorities – through the Local Government Management Agency (LGMA) – with regard to CAS and CLSS mortgages. The LGMA is working with local authorities to ensure all credit arrangements/mortgages are registered and the Department has provided data on all approved CAS and CLSS projects so the registration of the mortgages can be checked.

While the information and data required to be collated and reported may be different to that relating to specific charges/ liens on properties, the exercise, which provided for the verification and cleansing of the data, is likely to have been beneficial to local authorities in terms of reviewing historic files. This up to date information was integrated into the Agresso Financial Management System (FMS) system as part of the CCR process.

Section Two: Nominations and Statement of Occupancy

Recommendation No. 2(a)

The local authority need to operate a management information system which maintains details of all properties provided by the AHBs (whether purchased/built or leased units), and details should be agreed periodically with the Department.

Progress on implementation of recommendation

Six (19%) did comply with this recommendation. Twenty (65%) of the local authorities partially complied, and five (16%) did not comply with this recommendation.

The main reasons for the high partial compliance rate were that many local authorities had no management information system to record details of properties provided via AHBs, but they were recording them on spreadsheets. However, they may not be reconciling this information with the Department records. The others did have an information system, but again were not reconciling the data with the Department's records on a periodical basis. The remaining local authorities did not have a management information system to record the details of properties provided by the AHBs, which should be agreed periodically with the Department records.

Recommendation No. 2(b)

Details of the tenants of each property, nomination details, and rent scheme details should also be maintained.

Progress on implementation of recommendation

Seven (23%) local authorities complied with this recommendation, and twenty (65%) partially complied with this recommendation. Four (13%) did not comply with the recommendation.

The main reason for the high partial compliance rate was that some local authorities maintain spreadsheet details of the tenants name and addresses (not all recorded nomination or rent scheme details). Some are investigating ways of recording this data e.g. to incorporate it into iHouse or to develop a database in the future.

Recommendation No. 2(c)

The system should also track details of voids, length of time for re-lets, details of property inspections etc.

Progress on implementation of recommendation

Six (19%) local authorities complied with this recommendation, and ten (32%) partially complied with this recommendation and fifteen (48%) did not comply with this recommendation.

The main reasons for partial compliance were:

- Some local authorities had written to the AHBs for details of their tenants, vacancies and times for re-lets. Others deal with re-lets at regular allocation meetings
- Some had a system which recorded details of tenants under schemes e.g. recorded CAS or CLSS details
- Generally where information existed it was recorded on spreadsheets and there was reliance on the AHBs to provide updates.

The main reason for high non compliance was that the local authorities stated they had no management information system to record the details of voids, length of time for re-lets or details of property inspections.

Update provided by the Department on activity since survey was undertaken:

A number of financial systems and client management systems operate across local authorities. While there are common financial systems in the main, the loan systems may differ.

The Strategic Housing ICT Programme Board, which is aligned to the City and County Management Association (CCMA) Building and Housing Committee and the LGMA Board, has identified a fully integrated Housing system as a key priority for the sector. The Department is also a member of this Committee. The critical elements of this system will cater for allocations by AHBs/local authorities/HAP, tenancies, property management and applications. The implementation of this system will assist in defining common issues and standardisation across the sector and ensure that the tools are suited to manage and maintain adequate data on properties managed by AHBs.

A fully integrated Housing system for the Local Government System will support local authorities in maintaining details of AHB tenants, nominations, etc. The tracking by local authorities of AHB voids, however, should arguably be done only for long-term/unresolved AHB voids. The tenanting of social homes turns over regularly and there will always be an element of empty units/voids in the stock of either a local authority or an AHB, so there seems to be limited merit in local authorities tracking short-term turnover of identified AHB stock.

Recommendation No. 3(a)

Annual statements of occupancy should be obtained from each AHB for all their properties funded by the local authorities.

Progress on implementation of recommendation

Six (19%) local authorities complied with this recommendation, and fifteen (48%) partially complied with this recommendation and ten (32%) did not comply with this recommendation.

The main reasons for partial compliance were that some local authorities receive statement of occupancy from (larger/national) AHBs as part of annual report but this information is not always maintained. Others have requested the information, but not all AHBs have returned statements of occupancy. In other cases, they have received statements for some of the schemes e.g. CLSS for management and maintenance payments and RAS payments related to CAS funded properties.

The main reasons for non compliance were lack of resources in the local authorities to follow-up with the AHBs where statements were not submitted or only submitted for some schemes. One local authority stated that the AHBs cited data protection issues. However, at least seven of the ten stated that this was a task which will be considered in the future if it can be resourced.

Recommendation No. 3(b)

Annual statements of occupancy should be obtained from each AHB, to ensure that tenant information is up-to-date and that properties are correctly occupied.

Progress on implementation of recommendation

Six (19%) local authorities complied with this recommendation, and thirteen (42%) partially complied with this recommendation and twelve (39%) did not comply with this recommendation.

The main reasons for partial compliance were similar to 3(a) above:

- Statements of occupancy received from the larger national AHBs
- Statements of occupancy more likely to be received for claims relating to properties provided under the CAS and CLSS schemes. Ongoing work is required for statements of occupancy relating to the CALF properties
- Obtaining the statements of occupancy and updating the information requires a resource to complete this work.

The main reasons for non compliance were:

- A lack of resources to obtain and follow-up on the statements of occupancy
- The local authorities also may not have a system to record this data.

Recommendation No. 3(c)

Annual statements of occupancy obtained from each AHB, could be used by the local authority to verify their records, before making payments for any associated claims relating to the properties, and to ensure that correct rent schemes are in place, and inspect as appropriate.

Progress on implementation of recommendation

Five (16%) local authorities complied with this recommendation, fourteen (45%) partially complied with this recommendation and twelve (39%) did not comply with this recommendation.

The main reasons for partial compliance with this recommendation were:

- Statements of occupancy used mainly for CLSS funded properties receiving annual management and maintenance payments, and sometimes for CAS funded properties
- An annual report should be prepared for CALF funded properties but little evidence that this is prepared by the local authorities
- Lack of resources to ensure that correct rents schemes are in place or properties are being inspected.

The main reasons for non compliance were:

- Statements of occupancy are not used by local authorities to verify their records before making associated payments, and to check the correct rent scheme is in place, and inspect as appropriate, due to lack of resources and inadequate IT systems.

Update provided by the Department on activity since survey was undertaken:

All payments made by the Department to local authorities, as recoupment for contractual arrangements that are in place with AHBs, are conditional on the local authority certifying that the housing unit is occupied. This has the effect of requiring local authorities to validate the occupancy for all funded dwellings.

Recommendation No. 4 (a)

At project development stage, details of proposed rents should be agreed in advance of Department project approval.

Progress on implementation of recommendation

Eighteen (58%) local authorities complied with this recommendation, and twelve (39%) partially complied with this recommendation and one (3%) did not comply with this recommendation.

The main reasons for partial compliance were:

- Discussions on proposed rents takes place at project development stage
- Potential service charges and rents discussed but may not be agreed until allocations have been made
- Market rents are agreed in advance for CALF projects, but this is not the case for CAS projects which are based on economic rents.

The reasons for non compliance were the local authorities assumed the AHBs were complying with the rent requirements for each scheme, but that they would be checked in the future.

Recommendation No. 4 (b)

Final payments on projects withheld until nomination and rents have been agreed.

Progress on implementation of recommendation

Fifteen (48%) local authorities complied with this recommendation, and ten (32%) partially complied with this recommendation and four (13%) did not comply with this recommendation. Two (6%) local authorities stated it was not applicable, as one had no capital projects for a number of years, and the other does not withhold payments as rents and nominations are agreed in advance and this has not been an issue in the past.

The main reasons for partial compliance were that payments are made in advance of agreeing either the nomination or rents to facilitate the completion of the property transaction.

The local authorities not in compliance with the recommendation to hold final payments until nominations and rents were agreed, stated that they did not have issues in the past reaching these agreements.

Update provided by the Department on activity since survey was undertaken:

In the case of CALF or PAA leasing supported projects it is a requirement that rents payable, which may include costs such as service charges, to the AHB by the local authority, are agreed in advance of the approval of the project and contract signing. The Housing Agency and Department have worked together to introduce an independent determination in the case of dispute between an AHB and local authority over the open market rent of the relevant property. The Housing Agency has established a panel of independent valuers, and the determination of these valuers is binding on both parties. In relation to the rent paid by the tenants of these properties, it is a requirement of the PAA agreement between the local authority and the AHB that the established Rent Scheme of the local authority is used by the AHB for the calculation of tenant's rents. CAS guidance states that it should be a condition of advancing a loan under the scheme, that the local authority has clear rights of consultation in relation to the fixing of tenants rents generally. Local Authorities applying to the Department for CAS funding must confirm if they have satisfied themselves that the economic rent the AHB proposed to charge is fair and reasonable.

Section Three: Inspections

Recommendation No. 5

A periodical inspection regime of properties funded under the schemes should be carried out under the local authorities' enforcement strategy and inspection arrangements for rented accommodation.

Progress on implementation of recommendation

Eleven (35%) local authorities complied with this recommendation, and five (16%) partially complied with this recommendation and fifteen (48%) did not comply with this recommendation.

The partial compliance responses were given where the local authorities had commenced some inspections of properties or inspected at the commencement of a lease on a property. The reason for non compliance is a lack of inspection staff or non availability of current staff, but seven out of fifteen stated that management would consider implementation of the inspection regime for AHBs subject to available resources.

Update provided by the Department on activity since survey was undertaken:

All funding programmes to support AHBs to provide dwellings, require properties to be compliant and meet obligations of the Rental Standards. Additional funding and performance requirements have been placed on local authorities in terms of their general inspections. In addition, administration/ start-up funding is provided under the schemes to support the local authority with the initial cost of inspection/ administration etc. Recruitment of inspection staff is a challenge for many local authorities in this area. The development and implementation of a national rental inspection system is a key priority for the Strategic Housing ICT committee which will assist in streamlining the inspection process and ensure the capture electronically of inspection data.

Section Four: Record of meetings

Recommendation No. 6(a)

The local authority should have an established contact point with each AHB to ensure that they are operating under the terms and conditions of each scheme as intended.

Progress on implementation of recommendation

Sixteen (52%) local authorities complied with this recommendation, and fifteen (48%) partially complied with this recommendation.

The reasons for partial compliance were that whilst there was an established point of contact with the AHBs, this was generally focussed on new projects, and not monitoring the terms and conditions of existing schemes in operation.

Recommendation No. 6(b)

Regular formal meetings should be held with AHBs, and these could be co-ordinated on a county or regional basis.

Progress on implementation of recommendation

Fourteen (45%) local authorities complied with this recommendation, fifteen (48%) partially complied with this recommendation and two (6%) did not comply with this recommendation.

The main reasons for partial compliance with this recommendation were that meetings are only held with the larger AHBs and representatives from the Irish Council for Social Housing (ICSH) for smaller bodies. Also meetings are held when required to deal with a specific issue or more usually to discuss proposals for new projects.

The main reasons for non compliance with this recommendation were that no regular formal meetings were held with the AHBs, rather they are arranged on request to discuss proposed projects.

Update provided by the Department on activity since survey was undertaken:

The CCMA and AHB representatives, together with the Department meet regularly as part of the Pillar 2 Working Group which sits within the governance framework of Rebuilding Ireland in order to foster greater strategic collaboration.

The AHB Forum, chaired by the Housing Agency, also provides further support/ collaboration at a national level. The CCMA Housing and Building committee meet with ICSH formally once a quarter to foster better working relationships. Overall, as part of general project management and partnership working locally, local authorities are encouraged to meet formally with AHBs active in their area, on a quarterly basis.

The AHB Forum is now working to develop a best practice template for the use of all local authorities, which will be an important advancement in shaping the working relationships between local authorities and AHBs countrywide.

Recommendation No. 7(a)

The roll-out of and encouraging AHBs to sign-up to the Voluntary Regulatory Code (VRC) is in process. The local authority should encourage all AHBs to engage with the interim regulatory process by signing up to the code.

Progress on implementation of recommendation

Nineteen (61%) local authorities complied with this recommendation, eight (26%) partially complied with this recommendation and four (13%) did not comply with this recommendation.

The main reason given by local authorities for partial compliance were that those currently engaged in newer projects are signed up to the code but there is no formal process of checks for those who have legacy projects.

Some of the reasons given by local authorities for non compliance were that:

- Larger AHBs have already signed up to the code
- Too much time is involved in getting AHBs signed up to the code and pursuing financial statements
- It is not the duty of the local authority but rather the Department or the ICCHS to encourage AHBs to sign up to the code.

Recommendation No. 7(b)

Where AHBs have not or do not intend to sign-up to the Code, the local authority should work with each AHB to ensure that good corporate governance arrangements, financial and management structures, together with the registration of proper legal title is in operation.

Progress on implementation of recommendation

Five (16%) local authorities complied with this recommendation, and thirteen (42%) partially complied with this recommendation and eleven (35%) did not comply with this recommendation, and two (6%) stated that this was not applicable as they only deal with those AHBs who have already signed up to the code.

Local authorities who partially complied had varied comments such as:

- Housing Agency is responsible to ensure AHBs have signed up to the code
- Those not signed up cannot be considered for future funding towards new projects and are advised of this by the local authority
- Some local authorities use the meetings with the AHBs to ensure all requirements are complied with and encourage them to sign up to the code.

The reasons for non compliance were (in addition to the reasons given above for partial compliance), that it would take a lot of time and resources to get the AHBs signed up to the code and also to obtain audited financial statements from them.

Recommendation No. 7(c)

Financial Statements (audited where required) should be provided by the AHB to the local authority to ensure accountability in the management of public money.

Progress on implementation of recommendation

Four (13%) local authorities complied with this recommendation, and fourteen (45%) partially complied with this recommendation and thirteen (42%) did not comply with this recommendation.

The main reason for partial compliance was that financial statements were received from some (national AHBs) but not all AHBs.

The reasons given for non compliance were:

- Due to the time involved in pursuing the AHBs for financial statements
- Financial statements are not sought in all instances
- Nine out of thirteen local authorities who did not comply stated they will be requested in the future.

Update provided by the Department on activity since survey was undertaken:

In 2014 an interim Regulation Committee for the AHB sector was established under the auspices of the Housing Agency, which, supported by a Regulation Office based within the Agency, oversees implementation of a Voluntary Regulatory Code (VRC) for AHBs.

Regulation is currently conducted through

- Building for the Future: A Voluntary Regulation Code for Approved Housing Bodies in Ireland (July 2013),
- the Financial Standard and Assessment Framework (July 2015),
- the Governance Standard and Assessment Framework (November 2017) and
- the Performance Standard and Assessment Framework (December 2018).

In 2016 the Department wrote to all Housing Directors advising them that from 1 June 2016 only AHBs signed up to the Code will be eligible for funding.

In September 2018 the Regulation Office wrote to AHBs not signed up to the Code reminding them of the requirement to have a satisfactory assessment in order to be eligible for funding and inviting them to sign up to the Code and submit their Charter of Commitment and annual regulatory return by 31 October 2018.

Housing (Regulation of Approved Housing Body) Bill

The proposed Housing (Regulation of Approved Housing Body) Bill and the underlying policy, which was formulated in consultation with the sector, intends to establish a Regulator to oversee the effective governance, financial management and performance of voluntary and co-operative housing bodies.

The Bill aims to safeguard public and private investment in the social housing provision sector, to rationalise and enable increased supply from the voluntary and co-operative housing sector and to ensure that the assets built through investments in the sector are managed sustainably.

The statutory regulatory framework will provide further assurances to investors, tenants, the Government and to the sector itself that social housing providers operate in a well-regulated and stable environment.

An independent Regulator will be established to oversee the regulatory framework. The Regulator will be responsible for approving and registering housing bodies and the setting of standards. The Bill will provide for extensive powers to the Regulator in relation to the undertaking of inquiries, investigations and assessments. The Regulator will also have enforcement and publishing powers.

The Department is working with the Office of the Parliamentary Counsel to finalise the text of the Bill for publication. Until such time as the legislation is enacted and the statutory system of regulation is put in place, the interim regulatory arrangements in operation since 2014 will remain in place.

Recommendation No. 8

Where instances of poor governance or management cannot be resolved with the AHB, the local authority should facilitate the takeover of the units by another AHB.

Progress on implementation of recommendation

Fifteen (48%) local authorities complied with this recommendation, three (10%) partially complied and one (3%) did not comply with this recommendation. Twelve (39%) stated that it was not applicable.

Local authorities partially complied because they were not aware of any instances of poor governance or management to date which required the units to be taken over by another AHB, but would facilitate this if required. There was only one instance of non compliance where units of a smaller AHB were taken over by a larger AHB but the local authority did not facilitate this.

Update provided by the Department on activity since survey was undertaken:

AHBs would generally approach either the local authority or a larger AHB to take over properties that they can no longer manage. The local authorities and AHBs are supported by the AHB Services Unit in the Housing Agency to manage such a process.

Section Five: Financial Matters

Recommendation No. 9(a)

All loans outstanding, together with annual interest charges, should be recorded on the financial system and reconciled annually with statements from the HFA (where applicable).

Progress on implementation of recommendation

Twenty one (68%) local authorities complied with this recommendation, seven (23%) partially complied and two (6%) did not comply with this recommendation. One (3%) stated that it was not applicable (as they had no HFA loans).

The reasons given for partial compliance were that CLSS loans were reconciled with the HFA statements and agreed with the Annual Financial Statements (AFS), however, details of the loans were recorded on spreadsheets. Details of CALF loans were also recorded on spreadsheets and in one case were not disclosed correctly in the AFS. Two local authorities that did not comply, stated that in one case, the loans were recorded by the finance team as they did not have the resources, and in the second instance the auditor had noted as part of their audit that the CALF loans were incorrectly disclosed in the AFS.

Recommendation No. 9(b)

Annual loan balance statements should be issued to the AHBs (Department guidance, which issued in December 2014, for the accounting arrangements for CALF loan balances and annual interest within the local authorities will facilitate issuing annual loan balance statements to the AHBs).

Progress on implementation of recommendation

Six (19%) local authorities complied with this recommendation, ten (32%) partially complied and fifteen (48%) did not comply with this recommendation.

The local authorities that partially complied mainly issue loan statement balances upon request to the AHBs. Of those that did not comply with the recommendation, some stated that they issue statements to the AHBs when requested, but many stated they would need extra resources to do so for all AHBs. Six local authorities stated that this was under review and would be considered as part of their future work programme.

Update provided by the Department on activity since survey was undertaken:

See earlier reference to recent development work in relation to the preparation for compliance with CCR.

Recommendation No. 10

The local authority should demonstrate, through a transparent process that the best value for money was obtained in the allocation of unsold affordable social housing units to the AHBs.

Progress on implementation of recommendation

Thirteen (42%) local authorities complied with this recommendation, and one (3%) partially complied and four (13%) did not comply with this recommendation and thirteen (42%) stated that it was not applicable.

For those that partially complied, proposals were sought from the AHBs, and allocations made to AHBs with a proven track record and/or on the basis of geographical location. The four local authorities that did not comply, stated that they leased units to the larger AHBs (usually on a geographical basis), or that they were the only AHB with an interest in taking over these units.

Nine local authorities replied that the recommendation was not applicable because they had no unsold affordable units. One local authority has transferred these units into social housing stock. The other three stated that the units had been allocated prior to this recommendation.

Update provided by the Department on activity since survey was undertaken:

The requirement for such an arrangement has passed. There are national Communication Protocols regarding expressions of interest re land opportunities, Part V etc. Essentially the protocol provides that local authorities carry out an Expression of Interest for AHBs interested in social housing and to form a panel of interested AHBs. There are four Lots with flow charts identifying the main steps in the process for delivery through partners schemes (1) scheme on local authority owned land (2) developers land (turnkey) (3) Part V (4) on AHB owned lands.

Section Six: Capital Projects

Recommendation No. 11(a)

A review of legacy AHB project files is required to ensure that final project accounts and post project reviews have been completed, and that balances are correctly shown in the local authority accounts.

Progress on implementation of recommendation

Nine (29%) local authorities complied with this recommendation, and fourteen (45%) partially complied and six (19%) did not comply with this recommendation and two (6%) stated that it was not applicable.

For those local authorities who partially complied, these mainly stated that a review of legacy projects was underway with outstanding balances being investigated in order to clear and close off these accounts.

Three local authorities stated that due to the lack of resources, there was no review of legacy files, although they hoped to review when resources permitted. Two local authorities had no final accounts outstanding and therefore the recommendation was not applicable.

Recommendation No. 11(b)

The local authority should continue to review outstanding final project accounts, which maybe in dispute or which require reconciliation with Department figures, in order to close-off these accounts and clear remaining balances.

Progress on implementation of recommendation

Nineteen (61%) local authorities complied with this recommendation, and eight (26%) partially complied and four (13%) stated that it was not applicable.

Reviews and work is underway to clear and close-off final project accounts with outstanding balances, in the eight participating authorities who had a partial compliance response.

Four local authorities either had not been involved in any construction projects in recent years, or had no outstanding final accounts and therefore the recommendation was not applicable.

Update provided by the Department on activity since survey was undertaken:

Following up outstanding final accounts with local authorities, continues to be a focus of the Department's engagements with local authorities around CAS issues. It should be noted, that if there is a possible outstanding payment due, arising from an unresolved final account, it is the AHB that stands to lose and they would be expected to pursue the matter. Nonetheless, the Department continues to follow up with AHBs as part of good housekeeping.

Recommendation No. 12

It is recommended that for capital projects, certificates for payments are verified and inspected by local authority staff who are suitably qualified to ensure that they are correctly quantified, valued and approved for payment.

Progress on implementation of recommendation

Twenty (65%) local authorities complied with this recommendation, four (13%) partially complied and two (6%) did not comply with this recommendation. Five (16%) stated that it was not applicable.

For those local authorities who partially complied, some carry out site visits to verify the reasonableness of claims, and some have an administrative role in the process only.

For the two local authorities who did not comply, there was no evidence of review of certificates in one case. The second local authority noted that they have a watching technical and financial oversight role but do not take the certifiers role away from the professional Quantity Surveyor and architects engaged by the AHB.

Five local authorities were not involved in any construction projects for a number of years and therefore the recommendation was not applicable.

Update provided by the Department on activity since survey was undertaken:

For CALF - Local authority staff must complete standard payment claim forms. These forms, which must be signed by two people including a Director of Services or Senior Executive Officer, certify that the payment is required to meet expenditure properly chargeable to the scheme and the value of eligible works carried out. In addition depending on the type of project, the following proof of vouched expenditure in the form of following supporting documentation is required:

- if Construction project, proof of Contract of Sale, Deed of Transfer, Building Agreement, expenditure cost incurred and copies attached (the letter stipulates employee certificates);
- if Turnkey (including Acquisition) project, copy of Contract of Sale, Revenue Stamp Cert and Deed of Transfer showing address details for each unit and actual purchase price attached; and
- if Refurbishment Works, proof of refurbishment costs in the form of VAT invoices.

Recommendation No. 13

Appropriate training should be given to relevant staff to ensure that they are aware of capital appraisal and management guidelines, EU and national procurement requirements and the Public Spending Code (2013).

Progress on implementation of recommendation

Eighteen (58%) local authorities complied with this recommendation, nine (29%) partially complied and four (13%) did not comply with this recommendation.

The main reasons for partial compliance were that there was little or no training on the Public Spending Code, some noted they had received procurement training, while in other instances there was no formal training received. Non compliance was due to no training given to the current staff covering capital appraisal and management guidelines, EU and national procurement and the Public Spending Code.

Update provided by the Department on activity since survey was undertaken:

Periodic training events and guidance available in the context of the Housing Manual, which is facilitated by the Housing Agency. The Housing Agency also operate a One Stop Shop for AHBs to facilitate and assist including in relation to procurement advice. The Local Government Strategic Procurement Centre also carry out a yearly training need for the local government sector and deliver a range of training programmes on both EU and national procurement. Training was provided on the capital works in 2018.

Exhibit 1: Number of local authorities who have implemented each recommendation from VFM Report No.29

	Recommendations made in VFM Report No. 29	Fully Comply	Partially Comply	Non Comply	Not Applicable
1(a)	Local authorities should conduct a review to ensure that all mortgages have been properly registered, reconciled with the mortgage amount drawn down from the Housing Finance Agency (HFA) where applicable, and that the project approved amount is in agreement with their financial records.	9	20	2	-
1(b)	Details of the mortgage, maturity date and folio documentation should be maintained on a comprehensive register, which will help to expedite discharge and release of mortgage deeds on maturity (Circular Housing 19/2014).	12	13	6	-
1(c)	On the sale of a property by an AHB, prior approval should be given by the local authority who should also seek Departmental approval.	17	3	0	11
1(d)	For new projects, final payments should not be released by the local authority to the AHB, until registration of the mortgage charge on the property has been finalised.	21	5	4	1
2(a)	The local authority need to operate a management information system which maintains details of all properties provided by the AHBs (whether purchased/built or leased units), and details should be agreed periodically with Department.	6	20	5	-
2(b)	Details of the tenants of each property, nomination details, and rent scheme details should also be maintained.	7	20	4	-
2(c)	The system should also track details of voids, length of time for re-lets, details of property inspections etc.	6	10	15	-
3(a)	Annual statements of occupancy should be obtained from each AHB for all their properties funded by the local authorities.	6	15	10	-
3(b)	Annual statements of occupancy obtained from each AHB, would ensure that tenant information is up-to-date and that properties are correctly occupied.	6	13	12	-
3(c)	Annual statements of occupancy obtained from each AHB, could be used by the local authority to verify their records, before making payments for any associated claims relating to the properties, and to ensure that correct rent schemes are in place, and inspect as appropriate.	5	14	12	-
4(a)	At project development stage, details of proposed rents should be agreed in advance of Department project approval.	18	12	1	-
4(b)	Final payments on projects withheld until nomination and rents have been agreed.	15	10	4	2
5	A periodical inspection regime of properties funded under the schemes should be carried out under the local authorities' enforcement strategy and inspection arrangements for rented accommodation.	11	5	15	-

	Recommendations made in VFM Report No. 29 (continued)	Fully Comply	Partially Comply	Non Comply	Not Applicable
6(a)	The local authority should have an established contact point with each AHB to ensure that they are operating under the terms and conditions of each scheme as intended.	16	15	-	-
6(b)	Regular formal meetings should be held with AHBs, and these could be co-ordinated on a county or regional basis.	14	15	2	-
7(a)	The roll-out of and encouraging AHBs to sign-up to the VRC is in process. The local authority should encourage all AHBs to engage with the interim regulatory process by signing up to the Code.	19	8	4	-
7(b)	Where AHBs have not or do not intend to sign-up to the Code, the local authority should work with each AHB to ensure that good corporate governance arrangements, financial and management structures, together with the registration of proper legal title is in operation.	5	13	11	2
7(c)	Financial Statements (audited where required) should be provided by the AHB to the local authority to ensure accountability in the management of public money.	4	14	13	-
8	Where instances of poor governance or management cannot be resolved with the AHB, the local authority should facilitate the takeover of the units by another AHB.	15	3	1	12
9(a)	All loans outstanding, together with annual interest charges, should be recorded on the financial system and reconciled annually with statements from the HFA (where applicable).	21	7	2	1
9(b)	Annual loan balance statements should be issued to the AHBs (the Department guidance, which issued in December 2014, for the accounting arrangements for CALF loan balances and annual interest within the local authorities will facilitate issuing annual loan balance statements to the AHBs).	6	10	15	-
10	The local authority should demonstrate, through a transparent process that the best value for money was obtained in the allocation of unsold affordable social housing units to the AHBs.	13	1	4	13
11(a)	A review of legacy AHB project files is required to ensure that final project accounts and post project reviews have been completed, and that balances are correctly shown in the local authority accounts.	9	14	6	2
11(b)	The local authority should continue to review outstanding final project accounts, which may be in dispute or which require reconciliation with Department figures, in order to close-off these accounts and clear remaining balances	19	8	0	4
12	It is recommended that for capital projects, certificates for payments are verified and inspected by local authority staff who are suitably qualified to ensure that they are correctly quantified, valued and approved for payment.	20	4	2	5
13	Appropriate training should be given to relevant staff to ensure that they are aware of capital appraisal and management guidelines, EU and national procurement requirements and the Public Spending Code (2013).	18	9	4	-
Overall		39.4%	35%	19.0%	6.6%

Exhibit 2 Implementation of recommendations as shown by each local authority

Local Authority	Q1a	Q1b	Q1c	Q1d	Q2a	Q2b	Q2c	Q3a	Q3b	Q3c	Q4a	Q4b	Q5	Q6a	Q6b	Q7a	Q7b	Q7c	Q8	Q9a	Q9b	Q10	Q11a	Q11b	Q12	Q13	
Carlow County Council	N	N	N/A	N	N	P	N	P	N	P	P	N	Y	Y	Y	N	N	P	N/A	Y	N	N/A	P	Y	N	N	
Cavan County Council	P	P	N/A	Y	P	P	P	N	N	N	P	N/A	N	P	P	Y	N	N	N/A	P	N	N/A	N/A	N/A	N/A	Y	
Clare County Council	P	P	Y	Y	P	P	N	P	N	N	Y	Y	Y	P	N	N	N	N	Y	Y	P	N/A	Y	Y	P	P	
Cork City Council	Y	Y	Y	Y	P	P	Y	P	P	P	Y	Y	N	Y	Y	Y	Y	P	Y	Y	Y	Y	Y	Y	Y	Y	
Cork County Council	P	P	N/A	Y	P	P	N	P	P	P	Y	Y	Y	P	P	Y	P	N	Y	Y	Y	Y	P	P	Y	P	
Dún Laoghaire Rathdown County Council	Y	Y	Y	Y	P	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N/A	N	N/A	N/A	Y
Donegal County Council	Y	Y	N/A	Y	Y	P	P	P	P	P	P	P	Y	Y	Y	P	P	P	P	Y	P	Y	P	Y	Y	Y	Y
Dublin City Council	P	P	P	P	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	P	P	P	Y	P	P	N/A	P	P	Y	Y	
Fingal County Council	P	Y	Y	Y	Y	Y	Y	N	N	P	Y	N/A	Y	Y	Y	Y	N/A	Y	Y	P	P	Y	P	Y	Y	P	
Galway City Council	P	P	N/A	Y	P	Y	P	P	P	P	Y	Y	N	Y	Y	Y	N	P	N/A	Y	N	Y	P	Y	Y	N	
Galway County Council	Y	Y	Y	Y	Y	P	P	P	P	Y	Y	N	P	Y	Y	Y	P	N	N/A	Y	Y	N/A	N	P	Y	Y	
Kerry County Council	P	P	N/A	P	P	P	P	P	P	P	P	P	P	P	P	P	N	N	N/A	Y	N	N	P	P	Y	Y	
Kildare County Council	P	Y	Y	Y	P	P	Y	P	Y	P	Y	P	Y	P	P	P	N	P	P	Y	P	P	Y	Y	Y	P	
Kilkenny County Council	Y	Y	Y	Y	N	P	N	P	P	N	P	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N/A	Y	Y	Y	Y
Laois County Council	P	Y	Y	Y	P	P	N	P	P	P	N	N	N	P	Y	Y	P	N	N/A	P	P	N/A	Y	Y	Y	P	
Leitrim County Council	P	P	Y	P	P	P	N	N	P	N	Y	P	N	Y	P	Y	Y	N	Y	Y	P	Y	P	Y	Y	Y	
Limerick City & County Council	P	P	P	N	P	P	P	P	N	N	Y	P	P	P	P	Y	N	N	Y	Y	N	Y	N	Y	P	Y	
Longford County Council	Y	Y	Y	Y	P	Y	N	N	Y	Y	Y	Y	N	P	P	Y	Y	N	Y	Y	N	Y	Y	Y	N	Y	
Louth County Council	P	P	Y	P	P	P	P	N	N	N	Y	P	P	Y	Y	Y	P	P	Y	P	P	Y	P	P	Y	Y	
Mayo County Council	P	P	N/A	Y	N	N	N	P	N	N	P	Y	N	Y	Y	Y	P	P	Y	N	N	N	N	Y	Y	Y	
Meath County Council	N	N	N/A	N	N	P	N	N	N	N	Y	N	N	P	Y	P	N	N/A	N/A	Y	N	N	P	P	N/A	P	
Monaghan County Council	P	N	N/A	Y	Y	P	Y	Y	Y	P	P	Y	P	Y	N	N	N	N	N/A	P	N	N/A	Y	Y	Y	Y	
Offaly County Council	P	N	Y	Y	N	N	N	N	N	N	P	Y	N	P	Y	P	P	P	P	P	N	Y	Y	Y	Y	P	
Roscommon County Council	Y	Y	Y	Y	P	Y	P	Y	Y	Y	Y	Y	Y	Y	P	Y	P	P	Y	Y	P	Y	P	Y	Y	N	
Sligo County Council	P	P	N/A	Y	P	P	N	Y	P	P	Y	Y	N	P	P	Y	N/A	N	N/A	Y	Y	N/A	P	Y	Y	Y	
South Dublin County Council	P	N	Y	Y	P	Y	N	Y	P	N	Y	Y	Y	Y	P	Y	P	Y	Y	Y	N	Y	P	Y	Y	Y	
Tipperary County Council	P	N	Y	P	P	P	P	N	N	N	Y	P	N	P	P	P	N	P	N/A	Y	N	Y	P	P	P	N	
Waterford City & County Council	P	P	N/A	Y	P	P	P	P	P	P	P	P	Y	P	P	Y	N	P	N/A	N	N	N	N	P	P	Y	
Westmeath County Council	Y	Y	P	N/A	Y	N	N	N	N	N	P	P	N	P	P	P	P	P	N	N/A	P	N/A	N/A	N/A	N/A	Y	
Wexford County Council	Y	Y	Y	Y	P	P	N	P	P	P	Y	P	N	Y	Y	P	P	P	N/A	Y	Y	N/A	Y	Y	Y	P	
Wicklow County Council	P	P	Y	N	P	N	N	N	N	P	Y	Y	N	P	P	Y	N	N	Y	Y	N	N/A	N	N/A	N/A	P	
Fully Comply (Y)	9	12	17	21	6	7	6	6	6	5	18	15	11	16	14	19	5	4	15	21	6	13	9	19	20	18	
Partial Comply (P)	20	13	3	5	20	20	10	15	13	14	12	10	5	15	15	8	13	14	3	7	10	1	14	8	4	9	
Non Comply (N)	2	6	0	4	5	4	15	10	12	12	1	4	15	0	2	4	11	13	1	2	15	4	6	0	2	4	
Not Applicable (N/A)	0	0	11	1	0	0	0	0	0	0	0	2	0	0	0	0	2	0	12	1	0	13	2	4	5	0	
	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	
PERCENTAGES																											
Fully Comply (Y)	29	39	55	68	19	23	19	19	19	16	58	48	35	52	45	61	16	13	48	68	19	42	29	61	65	58	
Partial Comply (P)	65	42	10	16	65	65	32	48	42	45	39	32	16	48	48	26	42	45	10	23	32	3	45	26	13	29	
Non Comply (N)	6	19	0	13	16	13	48	32	39	39	3	13	48	0	6	13	35	42	3	6	48	13	19	0	6	13	
Not Applicable (N/A)	0	0	35	3	0	0	0	0	0	0	0	6	0	0	0	0	6	0	39	3	0	42	6	13	16	0	
	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	

Exhibit 3 Summary of Compliance with Recommendations by City and County Councils

Name of Local Authority	Full Compliance %	Partial Compliance %	Non Compliance %	Not Applicable %
Carlow County Council	19	23	46	12
Cavan County Council	11	35	27	27
Clare County Council	35	35	27	3
Cork City Council	73	23	4	-
Cork County Council	38	50	8	4
Dún Laoghaire Rathdown County Council	77	8	4	11
Donegal County Council	46	50	-	4
Dublin City Council	50	42	4	4
Fingal County Council	63	23	7	7
Galway City Council	38	35	19	8
Galway County Council	54	27	11	8
Kerry County Council	12	65	15	8
Kildare County Council	42	54	4	-
Kilkenny County Council	65	16	15	4
Laois County Council	31	42	19	8
Leitrim County Council	42	39	19	-
Limerick City and County Council	23	50	27	-
Longford County Council	65	12	23	-
Louth County Council	35	54	11	-
Mayo County Council	35	23	38	4
Meath County Council	12	27	50	12
Monaghan County Council	42	23	23	12
Offaly County Council	30	35	35	-
Roscommon County Council	69	27	4	-
Sligo County Council	38	35	11	16
South Dublin County Council	62	23	15	-
Tipperary County Council	15	50	31	4
Waterford City & County Council	15	58	19	8
Westmeath County Council	15	35	27	23
Wexford County Council	46	38	8	8
Wicklow County Council	23	27	38	12
Average Rates of Compliance	39.4%	35.0%	19.0%	6.6%

3. Conclusion

The Value for Money Unit of the Local Government Audit Service published VFM Report No. 29: 'The oversight role of local authorities in the provision of social housing by Approved Housing Bodies' in December 2015. The purpose of this report is to assess the progress made by the 31 city and county councils in implementing the recommendations contained in the Report No.29. A detailed questionnaire was circulated to all local authorities followed by a verification visit by staff of the LGAS.

Overall the recommendations have been 39.4% fully implemented and an additional 35% of the recommendations were partially implemented. Recommendations were not implemented in 19% of cases, and were not applicable in 6.6% of cases. This means that 74.4% of the recommendations of VFM Report No. 29 were either fully or partially implemented at the date of the review in late 2017/early 2018, as updated in the second quarter of 2019.

There was a high rate of partial compliance for the recommendations to have a management information system to record and agree details of AHB properties. Also to obtain annual statements of occupancy, recording tenant's details, nominations rights and rent schemes. There was a high partial compliance rate for having an established contact point with the AHBs to ensure that they are operating under the terms of the schemes. Many local authorities were completing reviews of legacy project files to ensure accounts were finalised.

There was a high rate of non compliance with the recommendations to have a system for tracking voids, timing of re-lets and performing and recording details of AHB property inspections etc. The recommendation to obtain AHB financial statements and issuing loan balance statements to the AHBs also had high non compliance rates.

The Social Housing Strategy 2020¹ states that there are some 27,000 homes provided via the AHB sector. The sector states it can deliver 5,000 units by the AHBs over a three year period². Under the Rebuilding Ireland³ action plan targets of some 50,000 social housing are to be delivered by 2021 including newly built, acquired and leased by local authorities and the AHB sector. This makes it even more important that structures are in place within the local authorities to provide an effective oversight role and support the expansion of the AHB housing sector in the future. This role is being supported by the implementation of the regulatory framework and the work of the Regulation Office pending statutory regulation.

¹ Social Housing Strategy 2020 published in November 2014

² Irish Council for Social Housing, Enabling the delivery of Social Housing in Ireland, September 2014.

³ Rebuilding Ireland Action Plan for Housing and the Homeless

4. Developments in Governance and Regulation

Housing Agency – Regulation Office

The Voluntary Regulatory Code (VRC) for Approved Housing Bodies in Ireland was introduced by the Department (in 2013) as the first step towards an optimal regulatory statutory framework. The Regulation Office (under the Housing Agency) is responsible for the implementation of the VRC including detailed assessment of those AHBs who have signed up to the key governance, management, measurement and financial principles.

The work of the Regulation Office is overseen by an independent interim Regulatory Committee (iRC) appointed by the Minister for Housing, Planning and Local Government. It consists of members representing the sector, the Department and local authorities, and experts in regulation, housing, law and finance. Their role includes providing guidance and recommendations on implementing the VRC with the AHBs, as well as advising the Minister on any issues and development of the statutory framework. The regulatory framework continues to evolve, pending publication of the 'Housing (Regulation of Registered Housing Providers) Bill 2018'. The role of the local authorities in this framework remains to be defined, although they have a regulatory presence in ensuring compliance with the terms of the capital funding schemes, including conditions of mortgage agreements, managing waiting lists and inspecting standards of accommodation.

The iRC has overseen the introduction of the Financial Standard, the Governance Standard and the Service Performance Standard, thereby completing the Regulatory Framework, which is risk-based and proportionate with the size of the AHBs. The regulatory framework is classified as follows:

Tier 1 (AHB with up to 50 units and no development plans to expand), Tier 2 (AHB with between 50-300 units and/or development plans to increase stock to 300 units, or the use of loan finance for development), and Tier 3 (AHBs with over 300 units or sizeable development plans, including the use of loan finance for development).

There are a significant number of small locally-based AHBs in operation alongside larger national organisations. Over 252⁴ AHBs have signed up to the code (this represents some 95% of housing stock). In the 2017/18 regulator cycle 247 AHBs were assessed under the new governance standard and 14 AHBs were deemed to require engagement with three organisations classified as unsatisfactory and were delisted⁵. There are still some 300 AHBs approved by the Department since 1992, which remain outside the code⁶.

From 1 January 2017, (under Department Circular 15/2016) in addition to the requirement to have signed up to the VRC, AHBs must also demonstrate that they have undergone a satisfactory annual assessment by the Regulation Office in order to be considered as eligible for new funding under the various schemes. Local authorities are advised to inform all applicant AHBs that the Regulation Office may be asked to provide details of their financial assessment to the Department before projects are deemed acceptable for funding.

⁴ Housing Agency Annual Report 2017

⁵ The Regulation of Approved Housing Bodies in Ireland 2017 Annual Report and Sectoral Analysis (published December 2018)

⁶ The Regulation of Approved Housing Bodies in Ireland 2016 Annual Report and Sectoral Analysis (published November 2017)

5. Central Credit Register

The Department prepared this supplementary brief on the Central Credit Register.

The Central Credit Register (CCR) is a centralised system operated by the Central Bank under the Credit Reporting Act 2013 that collects and securely stores information about loans. The Register collects information on loans of €500 or more including loans issued by local authorities.

The Credit Reporting Act 2013 has resulted in the requirement for local authorities to report on the various credit agreements that it has. In meeting its obligations under the CCR, the local authority sector has to ensure that its systems are capable of accurately recording and reporting on these credit agreements on a monthly basis.

The Credit Control Act 2013 imposes duties on parties to credit agreements to report all credit agreements with a value in excess of €500 to the Register on a monthly basis and also to carry out credit checks on the register in respect of all loan applications in excess of €2,000.

This information reported to the CCR is used to generate individual credit reports on borrowers which they and, in certain circumstances, lenders can access. Borrowers can request their credit report to see the credit information lenders have submitted on their loans. Lenders can use credit reports to get a picture of a borrower's current lending and credit history. The CCR will further complement the improvements made in recent years to local authority lending in the best interests of both the local authority and the borrower.

The Local Government sector is obliged to meet the following deadlines in order to ensure compliance with the Credit Control Act 2013:

- local authorities must have commenced submitting records by 30 September 2018 of credit agreements of over €500 that were in force as at 31 March 2018 and thereafter on a monthly basis; and
- local authorities must have commenced making enquiries on the Credit Control Register in respect of mortgages (i.e. home loans) from 30 September 2018, subject to data quality;
- local authorities must commence making enquiries on the Credit Control Register in respect of business loans (i.e. loans to AHBs) from 31 March 2019, subject to data quality.

A Central Credit Register group was established under the auspices of the City and County Management Association (CCMA) Housing and Building Committee charged with defining the processes that local authorities must implement, identifying and recommending ICT solutions where applicable, and overseeing the rollout of any ICT solutions. Work has been ongoing (over the past 18 months) in order to enable the local government sector to comply with the CCR.

In order to meet the requirements of the CCR, local authorities need to ensure that all data reported to the CCR on credit agreements with all borrowers – both AHBs and local authority home loan borrowers - is fully accurate and complete. This data will be available to other lenders where an AHB or a local authority home loan borrower applies for a loan or seeks to alter the terms of a loan and the AHB and local authority borrower will also be able to access their own credit reports.

6. Glossary

AFS	Annual Financial Statement
AHB	Approved Housing Body
CAS	Capital Assistance Scheme
CALF	Capital Advance Leasing Facility
CCMA	City and County Management Association
CCR	Central Credit Register
CLSS	Capital Loan and Subsidy Scheme
Department	Department of Housing, Planning and Local Government
HAP	Housing Assistance Payment Scheme
Housing Agency	Housing and Sustainable Communities Agency
HFA	Housing Finance Agency
HIQA	Health Information and Quality Authority
HSE	Health Service Executive
ICSH	Irish Council for Social Housing
LGAS	Local Government Audit Service
LGMA	Local Government Management Agency
M&M	Management and Maintenance payment
NAMA	National Asset Management Agency
PAA	Payment and Availability Agreement
RAS	Rental Accommodation Scheme
SHCEP	Social Housing Current Expenditure Programme
SEO	Senior Executive Officer
VRC	Voluntary Regulatory Code

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