



Department for
Communities
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Inspection of Clanmil Housing Association

DELIVERY OF THE DEVELOPMENT PROGRAMME

Final Report

July 2016

Acknowledgement

The Inspection Team wishes to express their thanks and appreciation for the assistance, and co-operation shown by the management and staff of Clanmil Housing Association in completing this Inspection.

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1 Introduction

The Governance and Inspection Team, hereinafter referred to as the Team, is a dedicated Inspection body situated in Housing Division within the Department for Communities. As the regulator, Housing Division is required to exercise supervision and control over Registered Housing Associations (Article 4 (1) (c) of the Housing (N.I.) Order, 1992).

The Team is responsible for providing the Department with an assurance on the probity, regularity and integrity of expenditure in the operation and administration of Registered Housing Associations, hereinafter referred to as Associations. The Team reports on how well associations are meeting the regulatory requirements of the Housing Association Guide, legislative and professional requirements and the needs of service users.

1.1 Background

The Association was first registered with the Department for the Environment as a Housing Association in 1977. The Association currently has approximately 3,700 units of accommodation comprising:-

- Family homes
- Homes for single people
- Housing for older people
- Independent living for older people
- Housing with care for frail older people
- Supported housing for people with dementia
- Supported housing for people with enduring mental health problems and learning disabilities
- Hostels providing temporary refuge for women and their children suffering abuse within the home
- Group housing for Irish Travellers.

1.2 Context

The Association was subject to a Round 3 Inspection in 2013/14. As a result of the findings the Association was awarded an overall grading of 'Substantial Assurance' in May 2014.

1.3 Scope

The inspection focused on the Association's development activity and evaluated how it delivers the Social Housing Development Programme (SHDP). The inspection required the Association to demonstrate its ability to deliver the approved Development Programme in full compliance with the Housing Association Guide including Scheme Development Milestones and the Association's standards and timescales.

1.4 Objectives

The objective of the inspection was to examine the approach taken by Clanmil Housing Association in relation to the planning, management, delivery and evaluation of its Social Housing Development Programme. This included assessing the procedures and controls used to identify, assess and manage risk and a review of its performance in meeting key targets.

The following 'Key Areas' were tested as part of this inspection:

- Site / Property Identification / Land Assembly;
- Bidding for the Social Housing Development Programme;
- Monitoring Scheme Delivery / Programme Management; and
- The Outturn / Lessons Learned / Post Project Evaluation.

1.5 Inspection Gradings

The Department currently uses the following gradings: Substantial Assurance; Satisfactory Assurance; Limited Assurance; and No Assurance. An explanation of these gradings is provided at **Appendix 1**.

2 Property Development

2.1 Objective

To examine the approach taken by the Association in relation to the management and delivery of the Social Housing Development Programme, assess the controls used to manage risk, its performance in meeting key targets and the procedures adopted in relation to procurement and

2.2 Opinion

This Inspection revealed a very sound and structured approach by the Association to the management of the Social Housing Development Programme. The Association has established detailed process maps and procedures for each key stage of the development process from site identification, community consultation through to scheme completion.

The Association has a dedicated in-house Development Team who identify, source and negotiate the purchase of sites/development opportunities. The Team has three distinct work streams:

- Programme Team
- Site Team and
- Growth Team.

Also on an ongoing basis the Association's Development Officer and Growth Team analyse District Housing plans and Health Trust plans to identify key areas of housing need. The key areas included are requirements for supported housing, special needs, general needs housing and geographical needs. The information collated is retained on the Association's Potential Future Sites Database.

Sites are only acquired once all information has been collated and assessed, and the Association is satisfied that the site is appropriate for their needs and is feasible to develop. This assessment is in the form of a key

information document, which is signed by the Development Manager, the Housing Manager, and Group Director of housing.

The Association ensures that all due diligence is carried out when developing a scheme. This includes:

- Independent site/Property evaluation
- Community consultation
- Legal advice
- Commercial viability of the scheme.

The Association uses a tracker spreadsheet / milestone chart to monitor progress on all schemes in the development programme. This is updated on a weekly basis and is reviewed / monitored by the Programme Team which meets on a fortnightly basis. The milestone chart lists information such as estimated scheme costs, estimated private funding, and financial viability for different stages of development.

The monitoring of the success of the Social Housing Development Programme year on year falls within the remit of the Property Committee and Board. Regular reports are presented to the Property Committee and an outturn for each year is presented to the Board.

After reviewing, the evidence presented during the review and discussions with the Association's development staff, it is considered that a grading of **Substantial Assurance** is appropriate. The rationale for this grading is that the Association has demonstrated that they have the resources and detailed processes in place to deliver its approved Development programme in full compliance with Housing Association Guide. During the course of the inspection a number of best practices were identified. These have been

documented at section 3. There was one recommendation made regarding the approval of the development programme bid. The detail is as follows:

2.3 Development Programme Bid

The Team found that the Association's 2016-19 Development Programme bid was submitted to the Northern Ireland Housing Executive Development Programme Group in August 2015. The Board retrospectively approved the bid in September 2015. The Team **recommends** that the Association ensures that the Board approve the Bid Programme before it is sent to the Northern Ireland Housing Executive.

Management Response

ACCEPTED

As the Board did not meet until end of September (which is after the date for submission of the Bid) it gave delegated authority to the Chair to approve the bid prior to submission and then this was retrospectively approved at the next Board Meeting. Suggest going forward that the bid will issue electronically to the Board for approval prior to the submission date.

2 Best Practice

3.1 The Team also found a number of good practice processes and strengths which are notable:

- 1) The developing an analysis of the local housing markets.
- 2) The use of a weekly tracker to monitor development progress.
- 3) The ISO Quality Assurance system that mirrors the Department for Social Development Housing Association Guide.
- 4) A dedicated in-house development team
- 5) The development and use of a scheme investment model.
- 6) The employment of a Strategic Planning consultant

4 WAY FORWARD

- 4.1. As the Association has received an overall rating of **Substantial Assurance** in this report, no further action will be required by the Department. .
- 4.2. This report will be published in full on the Department for Communities-NI website. A copy of the report will also be issued to the NI Audit Office and the NI Housing Executive.

APPENDIX 1

Inspection Grading System

The scoring mechanism is on the basis of an **overall** rating from **1 to 4** being awarded, along with **individual** ratings for the four main areas of focus. The four tier grading system is as follows:

Rating 1 - Substantial Assurance

To be given to housing associations where there is a robust system of risk management, control and governance which ensure that objectives are fully achieved. Housing associations in this category serve as an example of best practice. These housing associations will have a well run system of internal control and a risk management programme resulting in all identified risks being addressed and mitigated.

Rating 2 - Satisfactory Assurance

To be given to housing associations who have shown they have an effective system of control which will ensure the achievement of objectives. There may be some weaknesses but these would not be regarded as impacting significantly on the overall performance of the association.

Rating 3 - Limited Assurance

To be given to housing associations where there is a considerable risk that the Association will fail to meet its objectives or where an Association has previously received an "Unacceptable" or "No Assurance" rating and they have shown progress in addressing previous shortcomings. Prompt action is required to improve the adequacy and effectiveness of risk management, control and governance.

Rating 4 - No Assurance

To be given to housing associations where internal systems have failed or there is a real and substantial risk of the Association failing to meet its objectives and where they are also failing to provide any of the following: sound corporate and financial governance, quality housing; value for money. Such housing associations are considered a high risk to themselves and the public funds which they might receive.

SCHEDULE OF RECOMMENDATIONS

Report Ref	Recommendation	Priority	Accepted/ Rejected	Implementation Date
FINANCIAL MANAGEMENT				
2.3	<p>Development Programme Bid</p> <p>The Team recommends that that the Association ensures that the Board approve the Bid Programme before it is sent to the Northern Ireland Housing Executive.</p>	H	<p>ACCEPTED</p> <p><i>As the Board did not meet until end of September (which is after the date for submission of the Bid) it gave delegated authority to the Chair to approve the bid prior to submission and then this was retrospectively approved at the next Board Meeting. Suggest going forward that the bid will issue electronically to the Board for approval prior to the submission date.</i></p>	Immediate