



Department for

Communities

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Inspection of
Triangle
Housing Association

**DELIVERY
OF THE
DEVELOPMENT PROGRAMME**

Final Report

April 2017



Acknowledgement

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



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1 Introduction

- 1.1 The Department for Communities (DFC) Housing Group's, Regulation and Inspection Team, hereinafter referred to as the Team, is a dedicated Inspection body situated within the Department's Community, Regeneration & Housing Group. As the regulator, Housing's Urban Community, Disability Policy and Housing Regulation 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 and the Northern Ireland Audit Office (NIAO) with 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

Triangle Housing Association Ltd was registered with the Department for the Environment as a Housing Association on the 20th March 1978 and registered with the Industrial and Provident Society on the 30th November 1977. Triangle Housing Association provides support services for general families, people with learning disabilities, those suffering with mental ill-health issues and people with complex needs.

1.2 Context

Triangle Housing Group was subject to a Full Inspection in 2014/15. As a result of the findings the Association was awarded an overall grading of Substantial Assurance in March 2015.

1.3 Scope

The inspection focused on the Association's development activity and evaluated how they deliver their 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 this inspection was to examine the approach taken by Triangle 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 the development process, including the use of the Disposals Proceeds Fund.

2.2 Findings

The inspection of Triangle Housing Association's Development Programme revealed an exemplar approach by the Association to the management of their Development Programme and has provided strong evidence of an organised, structured and risk aware approach to delivery. From the evidence received the Team is of the opinion that scheme development is critically and closely monitored with any areas of concerns being addressed immediately, in order to mitigate any risks to meeting the Association's Social Housing Development Programme targets. Emphasis is placed by the Association on data capture and reporting to ensure that staff, committee and board members are fully informed. The Association's proactive management systems ensure a measured, controlled *modus operandi* that is clearly underpinned by rigorous monitoring and reporting protocols. Assurance is also provided for the reporting systems operated, through an ISO9001 accredited quality management system.

Triangle Housing Association has a diligent approach to the assessment of schemes for development which is highlighted by:

- The procurement of professional guidance and reports;
- Consultation with SHDP;
- Systems for Community Consultation;
- Detailed preliminary and full business cases;
- Financial modelling including stress testing; and
- Maintaining appropriate levels of governance.

The ability of the Association to adapt to a changing development environment was evidenced by the review of the Development Strategy by the Association in February 2016. This review identified how the Association appraised options to maintain delivery in challenging circumstances, in addition to the monitoring of option implementation.

An in-depth project review by way of a Post Project Evaluations (PPE) is completed for all schemes, 12 months following practical completion. The Association places emphasis on the transfer of knowledge using lessons learned and has provided a number of training events to staff and board to share these. The implementation of PPE and the associated knowledge transfer processes provides evidence that the Association is actively exploring methods to improve development delivery. The implementation of the Post Project Evaluation process with linkage to lesson learned and associated training, is a positive indicator of good practice in the Association.

The Association has developed and promoted a constructive working relationship with the Northern Ireland Housing Executive, the Development Programme Group of the Housing Executive and the Department for Communities that provides a high level of assurance in the Association's ability to deliver their annual development programme.

The Association's approach to Community Consultation is excellent with clearly defined processes for community consultation contained in the Association's Development Procedure Manual. The Team has highlighted the Association's approach as an example of best practice.

It is worth noting that in February 2016 KPMG carried out an audit of the Association's Property Development function and awarded a rating of Substantial assurance, mirroring the findings of this inspection.

2.3 Opinion

It is evident from this inspection that the Association has continued to develop and improve their development programme delivery processes even further since the previous Property Development Inspection in 2014/15, when the Association was rated as providing “Substantial Assurance”. The provision of development training by Triangle HA to the Board of Management and Development Staff is indicative of an organisation committed to ensuring awareness and embedment of knowledge across the organisation. The Association’s ability to adapt their approach to meeting their development targets is demonstrated in how quickly they were able to refocus their efforts on the procurement of Existing Satisfactory Purchases to ensure that they maintained programme delivery, following restrictions made to the Supporting People budget, thus ensuring that units were not lost to the programme.

The Team commend the Association for continuing to build on and improve on their development processes, despite receiving a substantial assurance rating in the previous inspection and are delighted to report that the Association’s processes are exemplary. Therefore in conclusion this action clearly demonstrates the Association’s commitment and ability to deliver their approved Social Housing Development Programme in compliance with the Development for Communities Housing Association Guide. The Association’s proactive management systems, rigorous monitoring and reporting protocols, combined with a robust Senior Management and Board of Management overview clearly indicates an organisation that is fit for purpose to deliver their current and future Social Housing Development Programme. It is the Team’s opinion that the Association’s comprehensive and innovative approach to its development business has led to the awarding of a rating of **‘Substantial Assurance’**.

3 Best Practice

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

3.1 Post Project Evaluation

A Post Project Evaluations (PPE) is completed for all schemes, 12 months following practical completion. The PPE is an in-depth project review which includes:

- A comparison between tendered and construction costs;
- A review of consultant and contractor performance;
- Measuring tenant satisfaction with the completed scheme; and
- Specific lessons learned in delivering the project.

Triangle Housing Association place emphasis on the transfer of knowledge using lessons learned through training events. Training provided has included:

- The delivery options that Triangle HA uses in the development programme;
- An awareness and overview of the Development strategy;
- How to operate with consultants and utilise their expertise; and
- When an economic appraisal is required in the development process.

The implementation of PPE and the associated knowledge transfer processes provides evidence that Triangle HA is actively exploring methods to improve development delivery.

3.2 Community Consultation

Triangle Housing Association's Development Policy makes reference to the Development Procedure Manual which includes defined processes for community consultation.

Triangle HA employs a variety of methods to consult with local residents and elected representatives on proposed developments, including:

- Letters to stakeholders;
- Advertisements in the local press;
- Fliers and leaflets drops to local residences and businesses; and
- Open evenings and drop in events.

During the scheme community consultations process, any queries or objections and subsequent actions taken are recorded in a community engagement register. Reports of the community consultation process are presented to the HDC and Business Development Committees regularly.

Triangle HA evidences best practice in the approach taken to community consultation for development schemes. Maps are used to detail the areas of community contact for each scheme and there is robust monitoring and reporting of all consultation exercises to the Development Committee.

4 WAY FORWARD

- 4.1 As the Association has received a 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 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.