



## HOUSING AGENCY REGULATION OFFICE NEWS – MAY 2015

### 1<sup>ST</sup> REGULATORY ASSESSMENTS RESULTS

We are pleased to share that *Regulatory Assessment Reports* have now been issued to all Approved Housing Bodies (AHB's) that signed up to the Voluntary Regulation Code and completed their 2013 Return.

We in the Housing Agency, Regulation Office, wish to thank all AHBs for their co-operation in completing the first Annual Return Form for the Voluntary Regulation Code. The results from this first assessment have been very positive overall, giving us essential data and insight into the sector. We hope that the regulatory process will be of support to the sector in the continuous improvement of governance, financial management and tenant service performance systems. Ultimately, this will be of benefit to the tenants to whom the AHB provide a service.



Many AHBs are already substantially compliant with the Code's provisions. In particular, AHBs have performed strongly in the areas of tenant engagement and housing management. However, it is useful to highlight some of the common issues identified from the 2013 assessments, in particular the areas where we have had a number of queries. Two of these areas are;

1. AHBs needing to put a sinking fund in place, and;
2. AHBs needing to establish all the required Board policies, particularly conflict of interest and register of interest policies.

#### 1. SINKING FUNDS: CRITICAL FOR SUSTAINABILITY



The establishment of sinking funds - setting aside revenue over a period of time to fund future expenses - is very important from a regulatory perspective. There has been significant investment from the State and from AHBs (through fundraising and other sources) into providing much-needed social housing for tenants. Sinking funds make sure that these assets can be maintained and continue to be viable for tenants on a long-term basis.

This can only be guaranteed if all AHBs have made specific and adequate provision for long term refurbishment, or emergency repairs, e.g. repair of a roof. It is recognised that full provision may not be possible in the short term. However at this stage, the Regulator would like to see that the AHB recognises that a provision is required in the long-term and are taking some steps to ensure adequate sinking funds are available in the near future. In the future, as the regulatory framework develops, the Regulator will be looking for a link between surveys of the condition of an AHB's stock and the provision in the sinking fund.



## 2. CONFLICT OF INTEREST & A REGISTER OF INTERESTS

The need to introduce board policies to cover Conflict of Interest and Register of Interests was another common issue identified through the regulatory assessment process. Conflict of Interest is an important consideration for any board, in any organisation. A conflict of interest arises when two different interests overlap. It involves a conflict between the duties and roles of an AHB board member and the private interest of that board member, in which the member's private capacity interest could, or could potentially be perceived to influence the performance of his/her board duties and responsibilities. An example of this might be where a board member has a personal relationship with the owner of land that is being considered for acquisition, or with a person or company that is being considered for the provision of services to the AHB.

These situations can and do occur, and so to mitigate this, it is essential for AHBs to have policies in place on Conflict of Interest. These policies will ensure that potential conflicts are quickly identified and dealt with using a clear process. All interests of all board members should be recorded in a Register of Interests. By implementing such policies and by acting in accordance with them, AHBs are helping to ensure that the sector is open and transparent and that the hard work and efforts of AHBs, often through volunteers giving up their time, are fully appreciated and that the reputation of the sector is upheld and protected.

### SUMMARY

We hope that this update on these common issues arising from our assessment has been useful to you. We in the Regulation Office will work with the representative bodies, including the ICSH and NABCO, to provide information and feedback sessions before the 2014 annual returns are due. The Annual Return will issue in September and AHBs will have approximately 6-8 weeks to complete these returns.

Again, I would like to thank all AHBs for working with us and we look forward to continuing to work with the sector this year.

**Rosalind Carroll**  
**Head of Regulation**