



Northern Ireland Audit Office

MEDIA RELEASE

Improving Social Housing through Stock Transfer

Report to the Assembly by the Comptroller and Auditor General for Northern Ireland

Two pilot transfers do not fully provide viable templates for future transfers of houses to Housing Associations, according to a report issued today by Kieran Donnelly, the Comptroller and Auditor General (C&AG).

The report examines two pilot transfers of housing stock from the Northern Ireland Housing Executive (NIHE) to Housing Associations, at Rinmore in Derry and Bloomfield in Bangor. The report also highlights best practice from GB, where stock transfer has been used, since the late 1980's, as a way of ensuring the United Kingdom Government's Decent Homes Standard applies to all social homes.

Mr Donnelly said ***“future transfers of housing stock from the NIHE have the potential to affect the lives of thousands of social housing tenants in Northern Ireland and to transfer public assets worth millions of pounds to Housing Associations. It is essential that any transfers are carried out in a manner that is fair and transparent.”*** He also added ***“refurbishment of social housing must be carried out in a manner that is fair for both tenants and for the taxpayer. It is important that both NIHE and DSD consider if the current Multi Element Improvement scheme continues to be the most appropriate and affordable means of delivering improvements to social houses in Northern Ireland.”***

Background

NIHE has delivered comprehensive improvements to nearly 35,000 of its properties through its Multi-Element Improvements (MEI) programme. The programme included replacing or upgrading kitchens, windows and heating, as well as extensions to properties and environmental improvements. Due to a capital funding shortfall the programme was

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suspended in 2007-08. In 2009 the Department for Social Development (the Department) decided to explore the option of transferring some of NIHE's housing stock to Housing Associations. Housing Associations can provide more timely improvements for tenants by leveraging in private capital. NIHE are planning to transfer a further 2,000 houses to Housing Associations.

Key Findings

- The stock transfer process in GB involved considerable project management challenges. With NIHE planning to commence three phases of stock transfers involving over 2,000 houses in 65 locations within a narrow timeframe, it is essential that a comprehensive plan with clearly defined review points is established in advance. The planned start date for the proposed programme of 2,000 houses has not been met and is currently subject to change.
- Stock Transfer Protocols developed by the Department and NIHE should be agreed by all parties involved, ensuring that the process of transferring housing stock transfers is transparent, consistent and fair.
- Transfers in GB only proceeded after tenant consent had been established by a ballot process. Tenant ballots were used in both the Rinmore and Bloomfield transfers. The Department has confirmed that tenant engagement will be an essential requirement in any future transfers in Northern Ireland. It is important that assurances given to tenants during the transfer process, concerning for example improvement works and rent levels, are fully delivered.
- In GB each Local Authority owning social homes to be transferred to a Housing Association calculated a transfer value to inform negotiations over the price to be paid. The Department told us that no transfer values were used in the two pilots at Rinmore and Bloomfield and the houses were transferred with no capital payment or receipt. However, the use of a transfer value model, as used in GB, is now being considered by the Department for the proposed future transfer of 2,000 homes. NIAO believe that calculating a transfer value helps to ensure transparency, consistency of approach and is a key element in assessing the value for money of a stock transfer.

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- NIHE refurbished houses through its Multi Element Improvement programme. This represents a much higher standard and cost than the generally accepted Decent Homes Standard implemented in GB. The Rinmore and Bloomfield economic appraisals did not include an option considering that stock transferred to a Housing Association would be refurbished to the less expensive Decent Homes Standard. We welcome the Department's agreement that the option of refurbishment to Decent Home Standards will be considered in future transfers of NIHE stock to Housing Associations.

Notes for Editors

1. The Department for Social Development has overall control and responsibility for preparing and directing social housing policy in Northern Ireland. The Department works closely with Northern Ireland Housing Executive and registered Housing Associations in implementing social housing policies and also has regulatory powers over NIHE and registered Housing Associations.
2. NIHE is the largest landlord in Northern Ireland responsible for the management and maintenance of around 88,500 homes valued at around £3.3 billion and generating £272 million rental income in 2012-13. An independent Stock Condition Survey in 2009 identified a total cost to maintain all NIHE properties over the following 30 years of around £5.1 billion (an average of £56,000 for each property).
3. The Comptroller and Auditor General is Head of the Northern Ireland Audit Office (the Audit Office). He, and the NIAO, are totally independent of Government. He certifies the accounts of Government Departments and a range of other public sector bodies. He has statutory authority to report to the Assembly on the economy, efficiency and effectiveness with which departments and public bodies use their resources. His reports are published as Assembly papers.
4. This report is available from the Stationery Office throughout the United Kingdom. It is also available on the Audit Office website at www.niauditoffice.gov.uk. The report is embargoed until 00.01 hrs on Tuesday 03 June 2014.
5. Background briefing can be obtained from the Audit Office by contacting Denver Lynn (028 9025 1063) or Roger McCance (028 9025 4312).