

ALONE

Tier 2

Regulatory Assessment Report 2013 Year

A. Introduction

This Regulatory Assessment relates to the performance of the ALONE in complying with specific objectives set out within 'Building for the Future, A Voluntary Regulation Code for Approved Housing Bodies (AHB) in Ireland 2013' (the Code). These objectives are set out under various themes: Governance; Finance and Business Management; Performance Management and Tenant Service Best Practice. A synopsis of ALONE's performance under each of these headings is set out below. The purpose of this report is to provide feedback and direction to ALONE on their performance in meeting commitments set out in the Code. As the Code is in its first year of operation it is recognised that AHBs may need time to adapt to the new regulatory framework. The regulatory assessment is based on information supplied by ALONE as part of the *Annual Return Form for the 2013 Year* and supporting appendices.

B. Description and Tier Level

ALONE is an Approved Housing Body (AHB) specialising in the provision of housing and support for older people. At the end of the 2013 year, ALONE had approximately 94 units of accommodation – of these, 93 units were owned by the organisation and 1 unit was managed by the organisation but owned by a third party. ALONE has been assessed as a Tier 2 AHB for regulatory purposes. This is based on a combination of stock size and development plans.

In Summary

ALONE is contributing to the provision of social homes, meeting a range housing and support needs for older persons. Based on the information submitted, ALONE has met many of the expectations and requirements identified in the Code for a Tier 2 AHB and has also met a number of the requirements specific to a Tier 3 organisation, such as having a Strategic Plan in place. There are, however, areas where ALONE could provide further assurances in relation to its governance and financial management and strategy. This includes strengthening the Strategic Plan, ensuring core housing services are securely financed prior to embarking on a significant development programme, implement a risk register, a code of conduct policy, a register of interest and a conflict of interest policy. Further detail is set out below.

C. Regulatory Assessment

1. Governance

- 1.1 Governance is examined under a number of headings; ensuring that an AHB is well governed to support its aims and objectives, that AHBs are in compliance with legal requirements and relevant government policies, and that key activities and developments for the year are clearly set out.
- 1.2 ALONE is governed by a Board of Trustees, have assigned officer roles and operate a number of subgroups covering governance and service quality, finance and fundraising and human resources.
- 1.3 During the 2013 year ALONE had 9 trustees on the governing board. ALONE state that they must have at a minimum 3 members but no more than 10 members on the Board of Trustees. It must be noted that an Approved Housing Body, as part of the conditions for 'Approved Body' status, 'shall consist of not less than five individuals each of whom must be ordinarily resident within the jurisdiction of the state' (Memorandum VHU:2/02, May 2002). While it is recognised that ALONE meet the governing board membership quota currently, it is expected that ALONE update their governing board membership policy to reflect the correct minimum governing board membership requirements.
- 1.4 Based on the data submitted, ALONE has a number of the required board policies in place, including board membership and board membership renewal policies. ALONE has indicated work is currently underway in further developing existing governance policies, including the development of a code of conduct policy, a conflict of interest policy and a register of interest. This development work is noted and it is expected that the development of these policies are prioritised and implemented as soon as possible.
- 1.5 ALONE has confirmed compliance with conditions of their 'Approved Body' status.
- 1.6 Key activities and developments for the year are clearly set out and ALONE publish Annual Reports.
- 1.7 ALONE had a strategic plan in place to cover the 2013 year – 'Strength in Unity - 2010-2014'. A new strategic plan 'No One Left Behind 2014 – 2017' is currently in operation. ALONE's delivery in this regard is noted as it exceeds the requirements and expectations of a Tier 2 AHB under the Code. The new Strategic Plan and the accompanying Action Plan sets out a number of core development objectives for the organisation over a three year period, has a system to monitor performance against the stated objectives and sets out a range of key performance indicators.

- There are a number of ways in which the existing plan could be strengthened and the following should be taken into consideration: the inclusion of a detailed assessment on the external and internal factors affecting delivery of the core objectives and the impact on staff resources and staff capacity to reflect the development plans of the organisation.

2. Finance and Business Management

2.1 As part of engaging with the Code. AHBs commit to being financially viable and to having adequate resources to meet both current and future business and financial commitments. Specifically Tier 2 AHBs are required to have audited accounts, have an up to date tax clearance certificate, set aside sinking funds, have a finance committee in place, operate a risk register and provide details of outstanding loans.

2.2 It is noted that ALONE's accounts have been audited and no qualification or emphasis have been placed on the accounts.

- However the Audit Findings Letter of March 2014 states a 'few areas of immaterial weakness have been included in a letter to the CEO'. This letter was not included in the submission, however, it is expected that any issues raised should be actively considered and acted upon.

2.3 ALONE have an up to date tax clearance certificate.

2.4 A finance committee is in place and met regularly during the 2013 year.

2.5 As mentioned above, Tier 2 organisations are required to operate a Risk Register. During the 2013 year ALONE did not operate an actual Risk Register, however ALONE stated that risk management was a feature throughout all elements of the organisation. ALONE indicated a formal Risk Register will be developed during 2014. As an operating Tier 2 organisation it is expected that this is developed and implemented as a priority.

2.7 Notwithstanding this, ALONE have set out in its Strategic Plan 'No One Left Behind 2014-2017' and the accompanying Action Plan that it intends to double the total stock to 200 units within the three year period of the plan. It is stated that the growth strategy set out is based on a combination of borrowings and other income sources. It is noted in the 2014 Action Plan that governance structures are being reviewed to ensure appropriate skills are available and specifically that risk management expertise is available in areas which correspond to the organisation's mission statement and goals.

- From a regulatory perspective there must be an indication of, or assurance of, enhanced governance and risk management arrangements to underpin and

support programmes of growth. ALONE will be making a transition from being a provider with no commercial loans, to one that will require loan finance to fund its growth aspirations. Governance arrangements have to keep pace with the changing risk profile and needs of the business. The organisation's risk profile will alter and the board's responsibilities will expand and become more complex given the growth projections. It is important that a robust and dynamic risk management process is put in place to support development into the future.

2.8 ALONE have indicated in the Annual Return 2013 submission that a financial plan will be developed to support the new Strategic Plan. This is not a specific requirement for Tier 2 bodies, however, it is prudent and necessary if ALONE plan to avail of private finance in the future, given the scale of development envisaged over the coming years.

2.9 ALONE states that it operates a sinking fund and it is noted that a significant amount of funding has been invested in making the properties 'age friendly' since 2010. In the 2013 Annual Return submission, ALONE states that the balance of the fund is €160,000 and that these funds are specifically ring fenced for this purpose. However, the audited financial accounts have no mention of a sinking fund or a ring fenced reserve. It is not clear how this money is set aside.

- ALONE have stated in their current Action Plan that all housing will be surveyed for long term capital spending and cost management will be analysed and updated. From a regulatory perspective this is important, as the amount of finance set aside within the sinking fund should reflect the actual requirements of the stock going into the future. As regulation of the sector develops, specifically the pending publication of the Financial Chapter (as an addendum to the Code), all AHBs will be required to certify that financial provisions held in the sinking fund is sufficient and relates to the condition and required works of the stock.

2.10 It is noted that much of the work that ALONE undertakes is financed by way of fundraising. Indeed in 2013, over 70% of ALONE's income was raised through fundraising activities. There is a risk associated with this dependence as it is not a consistent or steady form of income stream and assurance is required that core housing services, delivered by the organisation, are securely financed. It is noted in the 2013 Trustee's Report, that the Board has examined the organisations requirements for reserves in light of the main risks affecting operations, and it is the Trusts policy to ensure sufficient resources are available from cash balances or cash flows to ensure all obligations can be met when they fall due.

3 Performance Management and Tenant Service Best Practice

3.1 The Code requires that Tier 2 AHBs ensure the delivery of quality services, seek continuous improvement and deliver good quality housing (and related services) for those who are unable to provide housing from their own resources. This involves having an agreed set of performance management indicators and providing certain data on tenant services.

3.2 ALONE have provided data to indicate there is a range of performance indicators in place, for example, data on repairs, management and maintenance costs, rent collection and arrears. The performance management results are in line with averages across the sector for 2013. It is also noted that maintenance costs are greatly reduced due to the use of volunteers as part of the maintenance service.

3.3 ALONE have a comprehensive range of policies and approaches to communicate, interact with and support tenants including induction and pre-tenancy support, tailored assessment and supports, a befriending service, organised social events and regular forms of communication.

3.4 ALONE have placed significant emphasis on 'quality' and providing services that are designed and delivered on the basis of need and tailored to the individual. In 2014 ALONE received a 'Certificate of Registration of Quality System to I.S.EN ISO 9001:2008'.

ALONE have committed to deliver on their Tier 2 obligations and in doing so it is expected that consideration is given to further recommendations set out in this report.

Key Recommendations:

1. Introduce outstanding Board policies and update the governing board membership policy to reflect the minimum governing board membership requirements as per 'Approved Body' status
2. Consider observation on strategic plan in next review of plan.
3. Issues set out in the Audit Findings Letter of March 2014 must be actively considered and acted upon.
4. Introduce a Risk Register and ensure that governance arrangements keep pace with the changing risk profile and needs of the business and risk management processes are integrated across all areas of the organisation.
5. Ensure the sinking fund is 'ring fenced' as stated in the Annual Return submission.
6. Assurance is required to confirm that core housing services are securely financed, prior to embarking on a significant development programme.

ALONE remains on the Public Listing as being a 'Tier 2' Approved Housing Body committed to the Regulatory Code (see www.housing.ie/regulation)

**This Regulatory Assessment Report has been prepared for ALONE only.
It is not for general circulation.**