

Minutes of the National Oversight and Audit Commission (NOAC) meeting
Tuesday 26th April 2016

Venue: Offices of the RTB, O'Connell Bridge House, D'Olier Street, Dublin 2

Attended by:

Members Pat McLoughlin
 Kevin Baneham
 John Buckley
 Tara Buckley
 Connie Hanniffy
 Paul Lemass
 Pdraig McNally
 Martina Moloney
 Colleen Savage
 Henry Upton

Secretariat Maurice Coughlan
 Sheila McMahan
 Declan Grehan

Apologies Micheál Nolan

Guests Pat Guiney and Yvonne McCorry of the VFM Unit, Local Government Audit Service (LGAS)
 Philip Nugent and Sheila Power of Rental Market and AHB Regulation Unit, Department of the Environment, Community and Local Government (D/ECLG)

Minutes of meeting of 24/3/2016 and matters arising

The minutes of the meeting of 24 March 2016 were agreed without amendment. On matters arising, the secretariat reported that NOAC's Annual Report for 2015 was sent to the Minister on 14th April and also sent to the Joint Oireachtas Committee and published on NOAC's website in the Corporate Governance section within Other Publications. It is not yet known when the new Director of the LGAS will be taking up her post. In relation to the Housing studies, the Housing Agency are working on the revised drafts having sent the amended data in for review as it still contains a lot of inconsistencies and anomalies. It was suggested that it may be necessary for NOAC to visit a few of those local authorities whose data seems to be the least reliable.

The members discussed a suggestion made at the last meeting of the Financial Performance sub-group to number NOAC reports. It was agreed that all NOAC reports should be given a sequential number for convenience of reference.

Programme Management Office (PMO) reports

The reports had been considered and cleared for publication at the meeting of the PMO sub-group on 13 April 2016 and, as discussed, material had been added to the introductory text in relation to the reasons for non-progression of 6 of the shared services projects and to cost and savings information on page 10 of the Shared Services report. Further changes to the introductory text were requested in relation to the layout, clarification that the PMO's figures have not been independently validated by NOAC and that the 2015 reduction in rates arrears may be impacted by the level of write off as well as collection performance, greater emphasis on the achieved savings and the inclusion of a reference to the Public Sector Reform Oversight Group reviews. The document is to be circulated to the members by email for clearance for publication before the next meeting. On the issue of the validity of the savings figures included in both PMO reports, the Chairman advised that the County and City Management Association when providing figures for the review of the implementation of the LGER reforms had indicated that they would be happy for their figures to be audited by the LGAS. On the general issue of validity of data being supplied to NOAC, it was suggested that NOAC consider applying a requirement that the Internal Audit function verify any figures included in letters from the Chief Executive to NOAC.

Value for Money (VFM) Unit Report No. 29 on the oversight role of LAs in the provision of housing by Approved Housing Bodies (AHBs).

After some introductory remarks by Pat Guiney, Yvonne McCorry gave a presentation highlighting the key findings and recommendations of the VFM Unit's report no. 29 and answered questions from the members. Philip Nugent of the D/ECLG outlined that the Department's priorities are to safeguard the State's considerable investment in the voluntary housing sector and the position of the tenants residing in the sector. He commented that some of the recommendations contained in the VFM report were more suited to implementation by the AHB Regulator and centrally by the D/ECLG rather than by the local authorities. The interim Regulator is in place about 18 months. Sheila Power advised that the larger associations representing about 85% of AHB stock had signed up to the voluntary regulatory code. Eligibility for funding in future will be subject to having signed up to the code and having been satisfactorily assessed by the Regulator. New rules mean that new AHBs have to show that there is a housing need that cannot otherwise be met in order to receive approval. Only about 30 of the existing 500 or so AHBs are active nationally and will be involved in the delivery of more social housing under the Social Housing Strategy. It is these larger associations that are the initial focus of the Regulator from a risk based assessment perspective. AHBs are being encouraged to obtain funding directly from the Housing Finance Agency (HFA) and certified borrower status has been granted by the HFA to about 12 AHBs. Philip Nugent pointed out that the recommendation for periodic inspections of AHB units to be carried out by local authorities is not feasible at the moment and is relevant to NOAC's current study of the implementation by local authorities of the rented sector regulations, from which a clearer picture may emerge of the most optimal regime.

In response to member queries, the D/ECLG representatives were not aware of any study having been done to compare the delivery of social housing by the local authority sector and the voluntary housing sector from a value for money perspective, the VFM study did not look at the AHB balance sheets as this would have been outside the scope of the study, rental income in excess of what is required for maintenance goes into the sinking fund as the AHBs are not profit making and the mortgages on units financed under the Capital Loan and Subsidy Scheme are not released to the AHBs at the end of the loan term to ensure the on-going availability of the units for social housing.

In their subsequent discussion of the issue, the members commented on the lightness of the regulation of the sector until recently and decided to ask the interim Regulator to attend a future meeting to discuss the issues of concern in the sector in the context of NOAC's thematic private rented sector housing study.

Rates Collection Performance Report

There was a discussion as to whether a stronger statement was needed as to the importance of maximising rates collection yields and as to whether adequate recognition had been given to the improvement in performance in 2015 and planned further improvements within the Debt Management Project. It was acknowledged that NOAC can only report on the basis of the evidence gathered and that the report is essentially a status report of the position to end 2014. Text to the effect that the figures have not been independently validated, a second reference to the 2015 arrears reduction and a further appendix showing the 2013 figures restated to include the abolished Town and Borough Councils are to be added.

Financial Performance Report

An acknowledgement of the overall surplus position in 2014 is to be added to the first page and totals are to be added to the Tables with the national averages. Members are to revert to the secretariat with any other observations.

Performance Indicators 2015 and follow up of 2014 data

As well as the report of the workshop hosted by the Local Government Management Agency with the local authority heads of implementation, the secretariat had circulated a summary of the 22 replies received to date to the letter issued on 24 March 2016 by the chair of the Performance Indicators sub-group, which included the 10 authorities that were sent specific queries. The chair of the sub-group advised that these showed that NOAC's recommendations were being implemented by the local authorities and the indicators had become more dynamic. When the remaining replies have been received, a revised summary will be prepared for the members.

Local Enterprise Offices (LEOs) update

The chair of the LEO sub-group updated the members regarding the meetings held the previous day with the Irish Small and Medium Enterprises Association (ISME), Small Firms Association (SFA), IBEC and Chambers Ireland. The discussions were useful to the sub-group's consideration of a performance indicator that is reflective of the soft support LEO activity and had raised a number of issues with regard to the replacement of the Enterprise Boards with the LEOs. The sub-group will hold another meeting shortly to conclude the indicator issue and decide what should be its next step and to scope out the potential NOAC review of the implementation of this national policy initiative. It was suggested that this study, when the scope and boundaries have been established, may require to be contracted out to a consultant.

Date of Next Meeting

The next meeting is on Tuesday 31 May 2016 in Local Government House, Usher's Quay at 10.00 a.m.