NIFHA 2022

SECTOR GLOBAL ACCOUNTS

Global Accounts for Northern Ireland Housing Associations

December 2022

Great Homes,
Thriving Communities

ASM CHARTERED ACCOUNTANTS

NIfHA

Contents

NIFHA

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NIFHA would like to thank Brian Clerkin and the housing association team at ASM for their work in preparing the 2022 Sector Global Accounts. We appreciate the valuable contribution ASM Chartered Accountants are making to the sector in providing these consolidated accounts and analysis.

NIFHA 2022

SECTOR GLOBAL ACCOUNTS

Global Accounts for Northern Ireland Housing Associations

Introduction

The past year saw us emerge from the very worst of the COVID-19 pandemic and into a more normal way of life.

The past two years have shone a bright light on housing associations and the positive role we play as community anchors. Our sector showed we are about much more than bricks and mortar when faced with very challenging circumstances. We showed care and compassion in dealing with the needs of tenants and communities during COVID lockdowns, and as we emerged from the worst stages of the pandemic. Tenants, staff and those who work with the sector showed resilience and patience in difficult times and we hope now that new ways of working, of understanding tenants needs and of partnerships will continue and thrive.

With a functioning Northern Ireland Executive, housing policy could once again progress and we saw legislation passed that closed loopholes in welfare mitigations and the "cliff edge" which NIFHA had long been campaigning to avoid was resolved by extending bedroom tax mitigations. In seeking solutions to growing housing waiting lists, a draft Housing Supply Strategy went out to consultation. The strategy intends to provide a long-term framework for the development of policy, interventions and action plans that will deliver the right homes in the right locations, to help meet current and foreseeable housing needs and demands to meet the principle that everyone should have access to a good quality, affordable and sustainable home, appropriate for their needs and located within a thriving and inclusive community. At the time of writing, the strategy with ambitions to co-design housing policy and embrace all aspects of the housing system, remains in draft form so those ambitions cannot yet be delivered upon.

This year sees our first publication of the Sector Global Accounts with our new report partners ASM Chartered Accountants. NIFHA is grateful to Brian Clerkin and his colleagues for the wide-ranging work carried out to prepare the 2022 Sector Global Accounts. We know you will find this annual publication to be an informative source of financial information on a vital sector that provides so much to tenants and customers as well as the wider Northern Ireland economy. I would like to pay thanks to our previous report partners PWC and I hope we will have a long and fruitful relationship with ASM.

Together with our colleagues in the Department for Communities and the Northern Ireland Housing Executive our sector has continued to deliver more new homes to help tackle growing social housing waiting lists. The past year has seen unprecedented challenges in delivering new homes, with rising construction costs, materials issues and labour shortages impacting on overall new-build numbers. That said, the sector has weathered the COVID storm well and continues to grow. There are no doubt financial challenges in the sector, in particular around housing support services like Supporting People, which still remains chronically underfunded. So while the sector has remained resilient over the past years and has continued to develop new social homes, there are areas of concern that are not yet resolved.

2022 SECTOR GLOBAL ACCOUNTS

835
new social homes completed

£429m
annual turnover

57,300
homes managed

1,144
new homes provided through Co-Ownership

9%
increase in turnover

2.0%
decrease in operating surplus

The level of construction in the year continued to be impacted by the knock-on impact of Covid-19 however the sector still managed to complete 835 additional homes in 2022

2.6%
increase in number of homes provided

The Year in Numbers

NIfHA

£1.541bn
total borrowing invested

1,713
new social homes started

32.5%
gearing

£1.3m
increase in overall surplus

£88.63*
average weekly rent
*General Needs & Sheltered Housing

3,338
total staff

12%
increase operating costs

The sector is a major employer in Northern Ireland with 3,338 staff on the payroll, contributing £79m in wages and salaries directly into the local economy

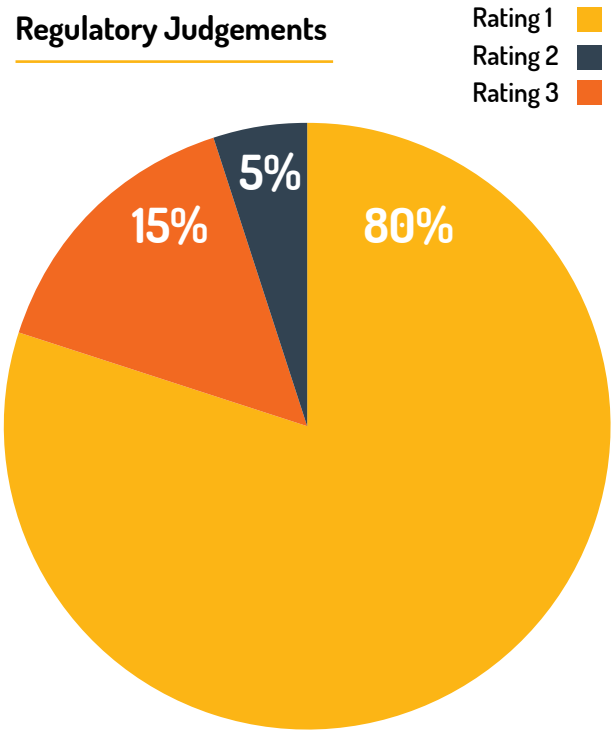
£29,561
average staff cost

Choice Housing celebrates 1,000 homes on site

Update from the Regulator

The Department for Communities (DfC) has completed the fourth formal year of Regulatory Judgements for 2020/2021. Housing Regulation Branch reviewed and assessed all Regulatory Standard Annual Returns and published Regulatory Judgements and Key Performance Reports. Performance remained high with the majority of Registered Housing Associations (RHAs) meeting the Regulatory Standards.

Regulatory Judgements



RHAs demonstrated tremendous resilience during 2020-21, maintaining vital services and supporting tenants through the COVID-19 pandemic. We appreciate that many of the challenges faced will have continued to affect performance during 2021-22 and we will be cognisant of this as the regulatory assessments are undertaken.

Recent weeks have also presented a fresh set of challenges for RHAs and tenants as we have witnessed high inflation, volatility in energy costs, rising interest rates, and the absence of a functioning NI Executive to deliver a Programme for Government. Given the robust financial performance of the sector and careful planning, we are confident that RHAs will manage the economic challenges effectively and deal sensitively with the rising cost of living for tenants.

A review of the 2017 Regulatory Framework for RHAs is currently underway. This will offer a range of stakeholders an opportunity to comment on the current Regulatory Framework, how it operates, and shape changes to the framework to ensure it remains relevant and fit for purpose. We aim to enhance a regulatory process that is proportionate and cost effective, ensuring tenants are protected and provided with opportunities to participate in the business of their association. We welcome RHAs' engagement with this process and hope that you find it informative and constructive.

> *Housing associations demonstrated tremendous resilience maintaining vital services and supporting tenants through the COVID-19 pandemic.*

Operating & Financial Review

Overview

The housing association sector in Northern Ireland has had another significant year of growth, both in terms of new homes built but also in terms of the impact that the sector has on the broader economy through development spend, maintenance spend and local employment.

This is ASM's first year of preparing the sector's global accounts and we would like to put on record our thanks to Martin Cowie and his colleagues at PwC for their work in previous years and their assistance in ensuring a smooth transition for this important piece of work.

In taking on the sector global sector accounts analysis we have reviewed the existing suite of statistics. We have retained many, but not all, of these to provide continuity of analysis over the years. We have also identified and instituted a number of new or amended measures of performance, which are clearly described as such within the analysis, where we believe these are necessary for a better understanding of what is happening within the sector.

Based on our analysis there are four key trends from this year's figures which both reflect the way the sector has navigated the pandemic and the steps it has taken to ensure that it is well positioned to cope with the current economic turbulence. These trends, which are considered in more detail below, can be summarised as follows:

- steady organic growth in the general needs housing base;
- operating costs which have increased due to both the ramping-up of maintenance activities which were delayed by Covid-19 and inflationary pressures;
- significant cost and funding pressures are impacting on the sustainability of non-general needs accommodation;
- prudent interest rate and debt management activities which have paid dividends in the form of lower interest costs and longer dated debt obligations.

As of 31 March 2022 housing associations own and manage 57,300 social housing homes in Northern Ireland representing an increase of 2.6% on 2021. The level of construction in the year continued to be impacted by the knock-on impact of Covid-19 however the sector still managed to complete 835 new homes in 2022 compared to 1,304 in 2021. Not surprisingly, the ending of the right to buy scheme had the impact of reducing the growth in social housing stock as tenants took advantage of the opportunity to buy their homes before the scheme closed in August 2022.

The sector directly employs 3,338 full time equivalent (FTE) staff. In addition, the sector supports a significant number of other jobs in the Northern Ireland economy.

Choice Housing – Community Network

Operating performance - Consolidated Income & Expenditure Account

	2022 / £000	2021 / £000	2020 / £000	Variance 21 - 22 %
Turnover	**429,210**	**394,138**	**382,537**	**9%**
Operating Costs	(339,975)	(303,455)	(296,978)	12%
Operating Surplus	**89,235**	**90,683**	**85,559**	**(2%)**
Profit on Sales of Assets	8,315	3,814	3,404	118%
Interest Receivable	186	313	778	(41%)
Interest Payable	(39,957)	(40,950)	(34,620)	(2%)
Other Costs	(11,159)	(8,532)	(8,670)	31%
Surplus for the Year	**46,620**	**45,328**	**46,451**	**3%**

In 2022, the sector continued to navigate the impact of Covid-19 and the emergent inflationary pressures to deliver a solid set of results. In light of the headwinds facing the sector the achievement of an operating surplus of £89.2m is notable, representing a marginal decrease compared to the operating surplus of £90.7m in 2021. Two housing associations reported a deficit in 2022 compared to one housing association in 2021 and two in 2020.

Overall turnover stands at £429m in 2022 compared to £394m in 2021 and £383m in 2020. This extra turnover is the direct result of there being an extra 1,717 homes under management, including an extra 1,416 homes within the social housing sector. However, 2022's turnover figure was also impacted by an unusually large amount of first tranche sales by Co-Ownership Housing. The Housing SORP requires these sales to be recorded as turnover. Stripping out the impact of these 1st tranche sales the underlying increase in turnover was £18m or 4.8%.

Overall operating costs are up by £36m or 12%. Removing the cost of sales impact of the 1st tranche sales within Co-Ownership Housing the underlying increase in operating costs is £22m or 7.9%. There are a number of factors giving rise to this increase, including the growth in new houses resulting in an increase in associations' costs bases, the "bounce-back" from Covid-19 which has meant that a backlog of maintenance work which was deferred during the height of the pandemic was undertaken during 2021-22 and the increase in staffing costs and material costs being felt across the Northern Ireland economy.

Clearly, facing into 2023 and beyond the impact of inflation is going to create very significant challenges for cost and margin control within the sector.

One further systemic issue which the sector, and its public sector funders, will need to address is the extent to which the sector's "general needs" housing activities are supporting and cross subsidising other "non-general needs" activities.

57,300
homes managed

£5.1bn
total assets

9%
increase in turnover

Tenants at Arbour Housing's Mimosa Court enjoy a cuppa

Those housing associations providing significant additional care, support and training services over and above the provision of a bricks and mortar home are finding that these services are continuing to face significant increases in costs without a commensurate increase in funding from government, resulting in thin margins, or outright deficits, in these essential public service areas.

As a result of the factors set out above the ratio of operating costs to turnover has increased to 79.2% from 77.0%, resulting in a decrease in the operating margin for the sector to 20.8% from 23.0%.

Offsetting these negative trends, the sector has managed its financial resources, and in particular, its debt facilities and cash reserves extremely efficiently over the last 2 to 3 years. It has taken advantage of historically low interest rates to refinance a significant proportion of its private sector funding requirements, and this has borne fruit during the year to 31 March 2022, when despite an increase in debt levels, the interest costs for the sector actually reduced. This is discussed in more detail below, but this proactive treasury management approach, together with one-off gains on the disposal of fixed assets (primarily through house sales to tenants) resulted in the sector's overall surplus growing by £1.3m or 3% to £46.6m.

The sector is a major employer in Northern Ireland, with 3,338 staff on the payroll of housing associations, contributing £79m (2021: £76m) in wages and salaries directly into the local economy. This represents a total contribution of £226m over the last 3 years.

However, controlling wages and salary costs and filling posts continues to be a challenge for the sector.

Total staff costs, including employers' NIC and pension contributions, is one of the main contributors to an Association's cost base and during the year total staff costs have increased £5.0m to £98.7m. This is on top of a similar increase of £5.8m in total staff costs experienced during 2020-21.

However, while the increase in staff costs experienced during 2020-21 included a small (circa 3%) increase in staff numbers there was no equivalent increase in staff numbers during 2021-22. Indeed, during 2021-22 staff numbers employed in the sector fell by 1%.

Therefore, over the course of two years the sector's headcount has only risen by 2% but its pay bill has risen by 12.4%. This is the real-world impact of pay inflation within the sector and anecdotally the increase in the pay bill would have been even greater if Associations had been able to fill more of their vacant roles. As highlighted in prior years, managing this cost base will need to be an area of focus for the sector going forward.

£347m
new loan finance

£79m
wages & salaries

£100m
operating cash flows

Balance Sheet position – Consolidated Balance Sheet

	2022 / £000	2021 / £000	2020 / £000	Variance 21-22 %
Tangible Fixed Assets				
NBV of Housing Properties	4,661,322	4,422,483	4,224,329	5%
Investments	48,763	45,606	21,804	7%
Other Tangible Fixed Assets	38,855	35,367	32,897	10%
Total Fixed Assets	**4,748,940**	**4,503,456**	**4,279,030**	**5%**
Current Assets				
Stock	14,118	14,396	11,897	(2%)
Debtors	137,023	97,963	73,873	40%
Short Term Investments	39,116	25,675	43,704	52%
Cash	122,403	201,644	128,014	(39%)
Total	**312,660**	**339,678**	**257,488**	**(8%)**
Creditors < 1 year	**(268,706)**	**(263,042)**	**(258,060)**	**2%**
Net Current Assets / (Liabilities)	**43,954**	**76,636**	**(572)**	**(43%)**
Total Assets Less Current Liabilities	**4,792,894**	**4,580,092**	**4,278,458**	**5%**
Creditors > 1 year	**(4,069,166)**	**(3,922,433)**	**(3,667,552)**	5%
Pension Liability	**(19,464)**	**(30,789)**	**(24,768)**	(37%)
Total net assets	**704,264**	**626,872**	**586,138**	**12%**
Total Reserves	**704,264**	**626,872**	**586,138**	**12%**

Apex Housing - Ballymagowan Allotments in Creggan

As demand for social housing rises more associations are becoming regular "developing" associations and the overall trend is for associations to undertake, on average, larger sized housing schemes. This can mitigate against development cost inflation by creating economies of scale for new schemes, provides greater opportunity for mixed tenure and provides a larger pipeline of homes under construction as the largest schemes are, by their nature, multi-year undertakings.

Even allowing for the drag effect of increased house sales to tenants during the year the net book value of the sector's housing property asset base grew by £239m. This growth is consistent year on year with the sector having increased the Net Book Value of housing properties under management by £1.15Bn over the last 5 years.

Debtors have increased by £39m or 40%, due primarily to an increase in the housing association grant receivable at year end. This is mainly due to the timing of receipts. Within debtors the level of rental debtors before provisions for bad and doubtful debts has increased by £1m from £18m to £19m, primarily driven by an increase in non-technical arrears. This has driven a further increase in bad debt provisions which is a continuation of a worrying trend.

Consistent with prior years, the level of bad debt is below that in Great Britain where arrears have been impacted by welfare reform legislation, however it is continuing to rise year on year in the local sector.

Cash and cash equivalents (short term investments) have decreased from £227m to £161m at the end of the 2022 financial year. Again, this will primarily be down to the timing of receipts of HAG and payments to suppliers around the year end.

The sector's overall creditors (short term and long term) increased by £152.5m, or 3.6%, to £4.3Bn, in line with the growth in the asset base. Borrowing continues to be the main source of finance, rising by £82m to a total of £1.5Bn in the current year. Unamortised Housing Association Grant (HAG) remains a crucial part of the funding equation for social housing, at £2.6Bn at the end of the year.

The proportion of housing associations' domestic properties (net book value) that was funded by HAG was 55.5% at the year end, still well ahead of other regions.

The total capital and reserves of Northern Ireland housing associations have risen by 12% to £704m.

Rental Debtors

	2022 / £000	2021 / £000	2020 / £000	Variance 21-22 / %
Rental Debtors Gross - Technical	11,261	10,970	10,583	3%
% Rental Debtors Gross - Non-Technical	8,011	7,051	7,459	14%
Provision for Bad and Doubtful Debt	(6,158)	(6,098)	(5,453)	1%
	13,114	**11,923**	**12,589**	10%

Cashflow and debt management analysis - Cashflow Analysis

	2022 / £'000	2021 / £'000	2020 / £'000	Variance 21-22 %
Reconciliation of Operating Profit to Cashflow				
Operating Surplus	77,167	78,842	85,226	(2%)
Depreciation	71,332	69,087	68,705	3%
Grant Amortisation	(49,148)	(47,464)	(45,104)	4%
Movement in Debtors	(1,254)	2,784	6,727	(145%)
Movement in Creditors	(6,861)	4,361	(6,327)	(257%)
Other Adjustments	8,023	4,358	(1,251)	84%)
Movement in Inventories	252	(187)	(9,576)	(235%)
Net Cash Inflow from Operations	**99,511**	**111,781**	**98,400**	**(11%)**
Returns on Investments				
Investment Income Received	212	147	698	43%
Interest Paid	(42,310)	(41,234)	(35,401)	3%
Net Cash on Investments	**(42,098)**	**(41,085)**	**(34,703)**	**2%**
Investing Activities				
Housing Capital Expenditure	(362,491)	(331,428)	(345,980)	9%
Net Capital Grants Received	97,532	134,967	150,427	(28%)
Purchase of Other Fixed Assets	(6,005)	(12,462)	(6,936)	(52%)
Disposal of Housing	62,837	40,615	44,796	55%
Cash Investments	452	14,151	(15,338)	(97%)
Net Cash from Investing Activities	**(207,675)**	**(154,157)**	**(173,031)**	**35%**
Financing				
Loan Repaid	(263,084)	(117,764)	(165,379)	123%
Loan Issued	347,059	271,067	320,289	28%
Net Cash on Financing	**83,975**	**153,303**	**154,910**	**(45%)**
Movement on Cash and Cash Equivalents	**(66,288)**	**69,842**	**45,576**	**(195%)**

Arbour Housing – Causeway End, Lisburn

£4.75 BILLION
fixed assets

£25,858
average borrowing per social housing unit

£83m
increase in borrowings

In cash terms the sector spent £362m on developing and investing in its housing assets this year and has spent over £1Bn in cash terms over the last 3 years, in addition to the increased maintenance spend incurred in recent years.

The ongoing investment in housing stock is funded from three broad sources: operating surpluses from existing activities; government financing by way of capital grant; and private sector borrowings.

Operating cash flows are strong with the 2022 amount of £99.5m, with 2022 being the third year in a row where operating cashflows were in the region of, or over, £100m.

The last three financial periods have seen the larger associations taking the opportunity to refinance existing debt facilities and to put in place new financing facilities to fund future planned developments. That is reflected in the cashflow figures where for the 3rd year in a row, the sector has drawn down in excess of £250m in new funding facilities.

In some cases this refinancing has involved absorbing break costs on old, existing, loan facilities to enable these to be refinanced during 2021 and 2022 at what were historically low long term interest rates. This activity, together with the scale of some of the local housing associations, has also seen the attraction of new lenders into the Northern Ireland market.

Rural Housing sod cutting ceremony, Rathlin

The outworking of this activity is that the net interest charge which had increased by £2.1m in 2019-20, and by £6.3m during 2020-21, actually fell by £1.0m during 2021-22. In real terms, the sector in 2021-22 incurred £40m in interest costs against total borrowings at the year end of £1.54Bn, an effective interest rate for the sector of 2.6%. By way of comparison in 2020-21 it paid £41m in interest costs against total borrowings of £1.46Bn, an effective interest rate for the sector of 2.8%.

This activity has also changed the average duration of the sector's borrowing profile, reducing the level of debt falling due for repayment in all periods less than 5 years, continuing a trend carried forward from the previous year.

The profile of borrowing in the sector is set out below:

Profile of Borrowing

	2022 £'000	2021 £'000	2020 £'000	Variance 21-22 %
Less than 1 year	40,597	50,784	78,905	(20%)
1 to 2 years	49,495	78,504	83,944	(37%)
2 to 5 years	193,973	217,702	164,202	(11%)
5 or more years	1,256,749	1,111,287	985,705	13%
Total	**1,540,814**	**1,458,277**	**1,312,756**	6%

It is also clear from a review of the financial statements of the largest housing associations that in addition to the drawn facilities included in the borrowing figures above, that there are additional agreed, but undrawn, facilities in place and available to fund future development. This reduces, but does not eliminate, the risk to the sector from the worst short-term impacts of the recent increases in UK borrowing costs.

In terms of the sector's ability to finance the additional debt taken on in recent years, the proportion of turnover required to meet interest payments which increased from 9.1% in 2020 to 10.4% for 2021 has now fallen back down to 9.3%. Interest cover at 216% is above last year's level of 210% and has not fallen below 200% since 2018.

Gearing (borrowing / total assets less current liabilities) is unchanged from the previous year at 32.5% which halts the trend of increased gearing over the last five years. However, historically this gearing calculation included pension liabilities within the debt element of the gearing calculation. During 2022 pension liabilities, for those Housing Associations with Defined Benefit schemes, in general, reduced. Gearing, excluding pension liabilities, has increased only marginally from 31.8% to 32.1%.

The level of debt per social housing unit, as a commonly used measure of indebtedness, is £25,858 representing an increase from 2021 of 3%.

Handover day, Apex Housing, Omagh

Conclusion

Having demonstrated its resilience during the Covid-19 pandemic, the sector has had a good year, further growing its asset base and delivering strong surpluses to finance existing debt obligations and to underpin future growth.

Debt levels and gearing remain relatively low compared to other sectors and regions and the work undertaken in recent years to refinance existing debt obligations is bearing fruit and will provide some of the headroom necessary for future development. It will also hopefully insulate the sector, to some extent, from impacts of the recent turmoil in the debt markets.

However, the sector is not immune to the general economic forces and the medium-term trends of rising interest rates and inflationary increases will put additional pressures on the sector, both in terms of assessing the viability of individual development schemes and considering the rent policies that it will need to adopt across all the types of accommodation it provides.

> *the sector is not immune to the general economic forces and the medium-term trends of rising interest rates and inflationary increases will put additional pressures on the sector*

Consolidated Accounts 2021-2022

Financial Ratios – Growth (%)

	2022	2021	2020	2019
Growth in Turnover	8.87%	3.03%	6.58%	8.39%
Growth in Operating Costs	12.32%	2.32%	5.20%	7.50%
Growth in Operating Surplus	(1.71%)	5.99%	11.66%	11.80%
Growth in Interest Paid	(2.42%)	18.28%	6.39%	1.22%
Growth in Housing Assets (NBV)	5.40%	4.69%	5.86%	7.39%
Growth in Debt	5.66%	4.00%	13.90%	7.97%
Growth in Capital and Reserves / Net assets	12.24%	7.05%	7.63%	5.22%
Operating Margin	20.79%	23.01%	22.37%	21.35%
Gearing	32.55%	32.51%	31.26%	29.49%
Interest cover	216%	210%	232%	220%
Average staff cost (including NIC and Pension)	29,561	27,898	26,889	25,436
Average Borrowing Per Unit	25,858	25,199	23,316	21,679
Turnover Per Unit (£)	7,203	6,811	6,794	6,751
Average Rent Per Week (£)	88.63	87.26	84.88	78.15

The above report was compiled by Brian Clerkin and the housing association team at ASM Chartered Accountants.

Habinteg housing association - Girona Close, Portrush

Choice Housing - Ballynafest Community Event

Financial Risks & Challenges

It is hoped that we can put the worst of the COVID pandemic behind us and the challenges it brought to the sector.

As demonstrated in these accounts, housing associations have proved to be focussed on tenants and resilient to the many impediments and changes that the pandemic brought while continuing to deliver new social and affordable homes. However we are now in another period of instability. The out-workings of Brexit, geopolitical factors and huge increases in energy costs cast a new shadow over the sector.

The economic environment is and will remain particularly uncertain, with the risk of further shocks. Housing associations are facing significant cost inflation, resulting from the current tight labour market, high energy costs, and the residual impact of the pandemic on supply chains. So delivering on the Social Housing Development Programme for the construction of new homes will continue to be challenging and we are seeing similar delivery issues on the revenue-funded maintenance of existing properties. Tendering for work in the present climate brings quite unique difficulties and the housing sector needs to work with contractors and the construction industry to ensure that we can deliver on our new-build and maintenance aspirations in a very volatile raw materials market and with a much-reduced labour supply. Procurement rules and guidance may not be flexible enough at present to ensure that the social housing and construction sectors are getting the best deal. We would encourage policy makers to consider new approaches and to be flexible on procurement as we face the headwinds of price instability, potential VAT changes, labour, energy and materials costs. The social housing, construction and maintenance sectors are reliant on each other so it is imperative that a workable solution is found to the issues we face.

Rising interest rates, and nervousness in the markets has seen a general rise in the cost of borrowing and we can expect the costs to the sector to increase as well, with interest rates likely to continue to rise over the next year. While there has been a certain degree of refinancing when interest rates were at record lows, the rises will particularly impact housing associations which are seeking to raise new finance or those which have facilities maturing in the near future which were previously fixed at low rates. There will be potential risks from more expensive

NB Housing – Emerson Mill, Ligoneil

£362m spend on acquisition and construction

borrowing in build costs and logically to rents to be worked though at a time when disposable incomes are being stretched by the same inflationary pressures our sector, and the whole of the UK, is being exposed to.

At the time of writing, the social housing waiting list sits at 44,532 applicants with growing numbers in housing stress. By working with government, the financial institutions and the construction industry we remain fixed on meeting this need. We are fortunate to enjoy the continued support of the Department for Communities in securing the funding for the new-build programme but the lack of a functioning assembly has pushed major housing policies such as the Housing Supply Strategy into the long grass. It is vital that devolved government is restored, it knows the needs of the region and it knows housing associations can deliver. The Housing Supply Strategy will provide much needed focus on housing need in all tenures. We need clarity on the definition of affordable and intermediate housing, on affordable rents and on the legislation that impedes the development of mixed tenure developments by housing associations. We want to innovate, to look at modern methods of construction, to build cohesive, sustainable communities. But we need the right policy environment to do that and meet urgent housing need.

We will watch closely the revitalisation of the Northern Ireland Housing Executive in its aspirations to raise capital and regenerate its stock. It is also imperative that social housing can secure the necessary funding it needs to meet Net Zero. Currently we are unable to access the region's share of the £3.8bn Social Housing Decarbonisation Fund. We cannot retrofit our stock without government intervention. We can be leaders in the field, we can retrofit at scale and can create jobs and develop skills for the region's economy providing we have the right support.

Sadly we still carry significant risk in our housing support services. The primary funding mechanism for this is Supporting People, which provides £72.8m of funding to provide support to maintain tenancies and help people live as independently as possible. While funding has been ringfenced, the budget remains not so much frozen, as deep-frozen. With no inflationary uplifts for 15 years, providers in our sector have experienced a real-terms cut in funding of over 30%. This is having the knock on effect of not being able to attract and retain staff in a sector that delivers vital support to those who most need it. Supporting People services being delivered by housing associations are running at a deficit of over £4m per year, with services being propped up only by the commitment of individual housing association boards to provide additional support where needed. Providers are seeing unprecedented cost pressures this year, so it is deeply disappointing that we've seen numerous bids for an increase in funding being knocked back time and time again, despite the research that shows it as a social return on investment of over £5 for every £1 spent and it saves the public purse around £2 for every £1 the Supporting People programme provides.

It may be over-used, but it's accurate to say that housing associations are about more than bricks and mortar. Together we build communities and support those who need it. We will always need the right financial and policy environment to deliver on that.

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NIFHA

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**Great Homes,
Thriving Communities**

Cover Image: Arbour Housing - Easter event, Lisburn