



# Response to Consultation

**Date:** 6 May 2013

**Consultation:** Charity Commission (NI), Public Benefit Guidance

## Introduction

The Northern Ireland Federation of Housing Associations (NIFHA) represents registered and non-registered housing associations in Northern Ireland.

Collectively, our members provide 38,000 homes comprising general needs, specialist and supported accommodation. In addition, each year, Co-ownership Housing supports hundreds of first-time buyers to get their foot on the housing ladder through their successful shared ownership scheme. Further information is available at [www.nifha.org](http://www.nifha.org).

## Background

The majority of NIFHA's member housing associations have been in existence for almost 40 years. However, a few of our associations go back further in history to almshouses built during the eighteenth century and housing societies created after World War II. Thus the voluntary ethos underpinning the work of housing associations in Northern Ireland is not new since philanthropic organisations which supplied housing or support for the most vulnerable members of our society have existed for a considerable time.

The Housing (NI) Order 1976 established the legal base for the creation of registered housing associations. The modern housing association movement in Northern Ireland emerged and grew rapidly during the 1970s. Initially, this housing was funded and regulated by the Department of the Environment but responsibility now lies with the Department for Social Development (DSD). The housing associations registered with the DSD must also be incorporated under the Industrial & Provident Societies Acts (NI) 1969 to 2006. All are members of NIFHA and their shared aim is to provide good quality, low cost houses for rent and/or for sale to those in need. Many also offer support services.

As there is a shortage of decent affordable social housing in Northern Ireland, housing associations here let to people in the greatest need. Being not-for-profit organisations, any financial surplus made by associations is ploughed back into maintaining their existing stock or providing more accommodation.

The role of housing associations extends far beyond the properties they build, own and manage. The work they do directly contributes to the creation and maintenance of successful, sustainable neighbourhoods and communities which provides a better quality of life, increased opportunities and greater social mobility for their residents - delivering prosperity and improved life chances to many of the least well off in our society.

## General comments

On behalf of our member housing associations NIFHA welcomes this opportunity to comment on the Charity Commission's proposed public benefit statutory guidance and also its registration guidance. We commend the Charity Commission for Northern Ireland (CCNI) on undertaking this important work to register all charities in Northern Ireland and to ensure the public can have confidence these organisations are operating in line with good governance and best practice. NIFHA is committed to working with the CCNI to facilitate the registration of housing associations.

## Our responses to specific general questions listed in the consultation

Q1. Prior to the consultation NIFHA's member associations were already well aware of public benefit as all were established with that purpose in mind; although the focus of their individual operations may have varied. Some housing associations, for example, were formed to regenerate a particular area while others addressed problems arising from specific needs like disability or age.

Q2. NIFHA members continue to be very conscious of their public benefit purpose. The following excerpt shown below in italics is taken directly from the most recent version (2006) of NIFHA's model rules for housing associations. We believe it is clear from these rules the primary objective of each member association is public benefit.

*A2 The association is formed for the benefit of the community. Its objects shall be to carry on for the benefit of the community:*

*A2.1 the business of providing housing, accommodation, assistance to help house people and associated facilities and amenities for the prevention or relief of poverty or for those in need by reason of youth, age, ill health, disability, financial hardship or other disadvantage*

*A2.2 any other charitable object that can be carried out by an Industrial and Provident Society registered as a housing association by the Department*

Q3. NIFHA is the trade body for housing associations in Northern Ireland but does not itself have charitable tax status and is unlikely to be registering with the Charity Commission at this point in time. Our interest in this consultation is from the perspective of its potential impact on member associations.

Q4&5. As indicated at Q2 above most housing associations would consider their primary charitable purpose to be one of the following:

- prevention or relief of poverty
- relief of those in need

- Q6. Overall the guidance is very helpful and clear but the sheer volume of documents means it can be confusing to follow the correct pathway through the information or quickly identify relevant points.
- Q7. A simple flow chart or map directing the user sequentially through the various documents would be helpful.
- Q8. See responses at 6 and 7.
- Q9. We found the FAQs to be particularly helpful as they covered the main issues in one document. However, no clarification was offered in relation to organisations that have a commercial arm which generates surplus to fund their charitable work.

NIFHA recommends a question which addresses this issue as it may be relevant to judging whether all the purposes of an organisation would be considered charitable.

### **Specific comments**

1. Housing associations are voluntary organisations dedicated to helping people obtain decent, affordable accommodation which meets their needs. Associations in Northern Ireland may take differing forms but they all share the following distinguishing characteristics:
  - they have formal constitutions
  - housing is their sole purpose or one of their principal purposes
  - financial surpluses are not distributed to shareholders but are ploughed back to help the associations achieve their objectives
  - the people who carry ultimate responsibility for each association (the members of its Board or Committee of Management) do so on a voluntary basis, although this is not always the case for similar organisations in Great Britain.
2. At present we expect all registered housing associations in Northern Ireland will be on the 'deemed' list since they benefit from HMRC's charitable status for tax purposes. These member associations have indicated their intention to register with the Charity Commission as they believe their primary function to be charitable in nature.
3. Northern Ireland's housing associations have developed significantly since they were originally established and many now provide a growing range of housing options, care, support and community services; including some which are for profit. However, since they are constituted as social businesses, housing associations are obliged to re-invest any surpluses in to meeting housing need and their other social purposes.

In certain cases such 'trading arms' are aimed at producing income which subsidises the charitable work. In others they may be social enterprises set up to deliver public benefit to disadvantaged groups, for example, through providing individuals with employment or job skills. As social businesses, Northern Ireland housing associations remain fully focused on meeting the needs of the most vulnerable in our society.

4. NIFHA appreciates the value of regulation and inspection in helping safeguard the housing association movement and improve service delivery. In recent years though there have been fundamental reforms to the regulation of housing associations in Scotland and England, which NIFHA believes should be carefully examined as part of an overall approach to changes in our sector. For some time we have advocated an inspection regime which enables independent, proportionate, risk-based and outcome-focused regulation. To this end we recommend the creation of a regulatory body independent of government.

Therefore, while housing associations welcome the advent of a Charity Commission for Northern Ireland as an opportunity to raise standards across the whole sector, a way of increasing transparency and enhancing public trust in charities, we have real concerns about the potential for an onerous compliance burden on our members.

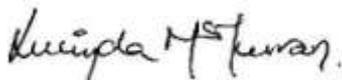
NIFHA's members are currently subject to regulation and inspection by the Housing Division of the DSD, as well as other bodies (for example, the NI Audit Office may audit grants given to associations from the public sector) so we would expect there would be one primary regulator and a high degree of passporting to minimise unnecessary duplication. We understand the process for monitoring and compliance checking of charities will be addressed through a separate consultation exercise but feel it is appropriate to highlight this issue in our response as it does not appear to be covered by the guidance in its current format.

## **Conclusion**

I am pleased to submit this response on behalf of NIFHA and trust you will find our comments helpful. If you require further information or wish to clarify any of the points raised in our response please do not hesitate to contact me.

NIFHA looks forward to working with our members and the Charity Commission once the compulsory registration process commences.

**Submitted on behalf of NIFHA by:**



**Lucinda McMurrin**  
Corporate Services Manager