

NORTHERN IRELAND SUPPORTING PEOPLE GUIDANCE

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Contents

1.0	Introduction	3
2.0	Legislative Context	5
3.0	Housing Related Support	6
4.0	Eligible Housing Support Services	8
5.0	Ineligible Housing Support Services	13
6.0	Excepted Accommodation	16
7.0	Accreditation	17
8.0	Housing Association's Passporting to Supporting People Funding	18
9.0	Unspent Supporting People Grant	20
	Appendix 1 - The Housing Support Services (Northern Ireland) Order 2002	22
	Appendix 2	27
	Appendix 3 - Supporting People Eligible/Ineligible Services	31
	Appendix 4	34
	GLOSSARY OF TERMS	39

1.0 Introduction

- 1.1 The 'Supporting People' Programme has been operational since April 2003. This guidance is the second document relating to Supporting People replacing the guidance that the Department for Social Development published in March 2003. This revised guidance is the result of the Department's Policy Evaluation of the Administration of Supporting People in 2009/10 and recommendations from the Northern Ireland Audit Office report in October 2009. It also draws on best practise guidance from local authorities in Great Britain.
- 1.2 The guidance sets out the Eligibility Criteria for Supporting People Grant, including:
 - Who is eligible to receive Supporting People Grant (Section 3.0)
 - The activities and services which may be funded by Supporting People Grant (Section 4.0);
 - The activities and services which may not be funded by Supporting People Grant (Section 5.0).
- 1.3 This guidance accompanies the Housing Support Services Regulations. It is intended to supplement the Regulations by providing more detail on the services for which the Northern Ireland Housing Executive may make payments out of the Supporting People Grant as prescribed in the Schedule to the Regulations.
- 1.4 'Supporting People' is intended to provide high quality and strategically planned housing-related support services which are cost-effective and provide value for money. 'Supporting People' services can, and should, be provided in a complementary fashion alongside care or other services wherever possible, but are not personal care. Supporting People Grant is intended to fund services which support independence and tackle dependency. In order to be eligible to receive Supporting People Grant funding a provider must have a funding agreement in place and must provide housing-related support services as outlined in this guidance.
- 1.5 The Supporting People programme has a Public Service Agreement (PSA) target of assisting 17,000 people. Currently the programme assists approximately 23,000 people and the Department will require validation from the Northern Ireland Housing Executive at the end of each financial year of the exact numbers of people that the programme is assisting.
- 1.6 It is important that existing and new services are being developed to meet local need identified through local strategic planning. In order to do this they must be planned in the context of relevant homelessness, housing and social care strategies and reflect issues and themes that are corporate issues for the Department for Social Development, the Northern Ireland Housing Executive and all those involved in commissioning services. Services must also be planned and designed taking full account of the experience and needs of service users.

- 1.7 Failure by a Provider/Scheme to meet the eligibility criteria for Supporting People Grant would make a scheme ineligible for the receipt of Supporting People Grant, and may lead to the recoupment of grant already paid.

2.0 Legislative Context

- 2.1 Supporting People is the policy and funding framework for housing support services. The programme, which is United Kingdom wide, was introduced in April 2003 under the Housing Support Services (2002 Order) (Commencement) Order (Northern Ireland) 2003 and the Housing Support Services Regulations (Northern Ireland) 2003. (Appendix 1 and Appendix 2). The aim of the Supporting People programme is to;
- enable vulnerable people to live as independently as possible in the community, in all types of accommodation and tenure;
 - establish a strategic, integrated policy and funding framework delivered locally in response to identified local needs; and
 - deliver good quality services focused on the needs of users.
- 2.2 The Northern Ireland Housing Executive has clear responsibilities under the Supporting People legislation to ensure that services are delivered by providers both internal to the Northern Ireland Housing Executive and by a wide range of external providers.
- 2.3 The Northern Ireland Housing Executive is empowered by Articles 3 and 4 of the Housing Support Services (Northern Ireland) Order 2002 to secure the provision of housing support services to individuals with particular needs and to pay Supporting People Grant to eligible persons for expenditure incurred by them in providing certain housing support services.
- 2.4 The Housing Support Services Regulations (NI) 2003 outline the nature of services eligible for payment from the Supporting People Grant.

3.0 Housing Related Support

- 3.1 Supporting People Grant provides housing-related support to vulnerable people who are within the following categories:
- Homeless Families with Support Needs.
 - Rough Sleeper.
 - Offenders or People at risk of Offending.
 - People with a Physical or Sensory Disability.
 - Fleeing Domestic Violence.
 - Older People with Mental Health Problems/Dementia.
 - Older People with low level Housing Support Needs.
 - People with Alcohol and Drug problems.
 - Single Homeless with Support Needs.
 - Frail Elderly.
 - People with a Learning Disability.
 - People with Mental Health Problems.
 - Travellers.
 - Young Vulnerable People.
 - Young People leaving care (who are not subject to a care order).
- 3.2 Supporting People Grant must be used to secure the provision of a housing-related support service in accordance with the funding agreement which has been approved by the Northern Ireland Housing Executive Supporting People team.
- 3.3 Housing-related support services are provided to help vulnerable people develop or maintain the skills and confidence necessary to live as independently as possible in their chosen form of tenancy and to develop the ability to maintain a tenancy. Examples of the skills required include:
- The ability to pay one's housing costs, (rent, mortgage etc) in order to avoid losing possession.
 - The ability to pay one's utility bills and arrange for the proper provision of services which keep the home fit for habitation.
 - The ability to maintain the security of the home, such as maintaining technical devices or controlling visitor access.
 - The ability to maintain health and safety in the home, including the safe condition of the building and the safe use of appliances.
 - The practical living skills necessary to live independently, such as cooking, knowledge of nutrition or domestic chores such as laundry.

- The ability to establish a stable place within the community, for example use of community facilities or the resolution of disputes with neighbours.
- 3.4. It should be emphasised that the grant is to be used to provide the support service to help the vulnerable people, not (for example) to pay rent arrears or purchase security equipment. The list is not exhaustive however, it is indicative of the nature of issues for which Supporting People Grant funded support is applied.
 - 3.5. A unifying principle of housing-related support is that it is provided in relation to a housing support need. It therefore must be provided in a housing context, in a setting which is considered the user's own home. To receive a Supporting People Grant funded service, the user must have a housing support need that would be likely to lead to the user becoming or remaining homeless. Consequently, eligible service users must have, or secure as part of the service, an identified property which is considered the users own home.
 - 3.6. The term 'own home' should be understood in terms of its common usage which implies the principles of control and autonomy for the individual. The management of the property in which the user resides must not constrain the freedoms of the service user beyond those associated with the normal terms of legal occupancy agreements and thereby create an institutional environment.
 - 3.7. Service users who have no demonstrable housing support need likely to lead to them becoming or remaining homeless (including being accommodated in a registered institution) are not eligible for Supporting People Grant. Supporting People Grant services, by their nature, are provided to vulnerable people whose need for support is conditioned by the nature of that vulnerability. For example, the vulnerability may result from the service users' age, problems of substance misuse or mental health, or a history of homelessness. The nature of the vulnerability clearly affects the nature of the housing support need. It is therefore appropriate that the support service is adapted according to the nature of the vulnerability.

Definition of Housing Support

- 3.8. Housing-related support must, by definition, provide support to the service user in relation to housing-related tasks, such as those outlined in 4.0. Individuals must be supported to develop and maintain the skills and confidence necessary to enable a service user to live independently as possible in their own home. In most instances services which undertake those tasks on behalf of a service user can not be considered compliant with the principles of 'Supporting People' and are therefore not eligible for Supporting People Grant.

4.0 Eligible Housing Support Services

- 4.1 Supporting People Grant provides revenue funding for the Northern Ireland Housing Executive, Housing Associations, Health and Social Care Trusts and Voluntary & Community organisations to provide services to vulnerable people in temporary and permanent accommodation. They can be provided in any form of tenure, owner occupied, social housing and private rented housing. The services provided are designed to help people develop the skills and confidence necessary to live independently without support, or to maintain independent living with ongoing support.
- 4.2 Supporting People Grant will only be used to fund those services identified and agreed as priorities by the Commissioning Body with approval for funding being made by the Northern Ireland Housing Executive Board in its strategic 'Supporting People' role. Subject to funding, existing services will continue to be funded by the Northern Ireland Housing Executive until a strategic decision is taken that the service is no longer required. Services funded by Supporting People Grant must reflect the aims of the Northern Ireland Housing Executive's Supporting People Strategy and other relevant strategies.
- 4.3 A range of services are funded by Supporting People Grant. This guidance provides a prescriptive list of eligible services and sets out the boundaries of the grant. The services, which go together to create 'housing-related support', are broad and wide ranging however the underlying principal is to provide services that enable a service user to live as independently as possible.
- 4.4 Housing support services are part of a continuum of services delivered to individuals with particular needs for support and care. In all cases, but particularly where both support and care is being delivered the following principles for housing support services should be applied:
 - Must be part of a planned programme of support agreed between the service provider and the service user.
 - Must be focused on the activities and skills, which enable the service user to maintain their tenancy or occupancy of their home in another tenure, such as owner occupation.
 - Are provided to the individual and in certain limited circumstances to other members of the household.
 - Support Services are strategically relevant, provide value for money and are good quality.
- 4.5 In many cases, the provider will use standard elements to describe the services available and the provider must agree a full personal support plan at the earliest opportunity with the service user, however in cases of emergency accommodation, it is not necessary to provide a full personal support plan before the service user is accepted, although the provision of a personal support plan should be a priority activity. Personal Housing Support plans must be in accordance with the service specifications agreed between the

Northern Ireland Housing Executive Supporting People team and the provider.

4.6 It is appreciated that other issues may interact with Housing Support in enabling a service user to live independently and fulfil their potential in the community. However services, which do not relate to housing such as personal care or employment training, are not eligible for funding through Supporting People Grant.

4.7 The issues which make a person vulnerable and in need of Housing Support Services are likely to impact on other members of their household. Supporting People Grant is designed to help the family by ensuring that in such situations the individual can maintain occupancy of the dwelling. Prescribed Housing Support Services which include the need of children in the family may therefore be eligible. However services such as crèche facilities, educational services or individual/group support to help children recovering from trauma are not eligible for Supporting People Grant.

4.8 The following services are eligible housing support services for the purposes of Article 4 of the Housing Support Order 2002: -

General counselling and support which includes befriending, advice on food preparation, reminding and non-specialist counselling where this does not overlap with similar services provided as personal care;

General counselling in this context relates to general advice which will assist a service user to live independently.

Assisting with the security of the dwelling required because of the needs of the service user;

Where the security of the building requires more than normal concierge type duties e.g. where extra is required to monitor and restrict access to certain individuals or groups of individuals; where health and safety requires more than one member of staff to be available due to the needs of the serious users and the possibility of serious disputes that may place a member of staff at risk; and where the service user needs to be reminded about security.

Examples likely to require this include:

- *accommodation for women who have experienced domestic abuse;*
- *accommodation provided for vulnerable homeless people that requires 24-hour access to the accommodation; and*
- *people who need encouragement or reminding over security e.g. people with dementia.*

Assisting with the maintenance of the safety of the dwelling;

This relates to the provision of advice and supervision on a range of safety matters, for example ensuring that the user is able to use appliances, such as cooker and washing machine, safely; ensuring that service users do not leave lighted cigarettes or candles unattended, or leave taps running.

Advising and supervising service users on the use of domestic equipment appliances;

This activity includes advice and supervision in areas which could be considered life skills, such as using a washing machine or setting heating controls appropriately, as well as supervision to avoid health and safety risks.

Assisting with arranging minor repairs to and servicing of a service user's own domestic equipment and appliances;

*Where the service user is unable to deal with their own minor repairs, or where they are being taught the skills necessary to manage minor repairs. The level of intervention and frequently of guidance may vary according to the individual's needs. Costs eligible for Supporting People Grant under this heading **do not include the cost of actually doing the repairs or the cost of materials.***

Providing life skills training in maintaining the dwelling and curtilage in appropriate condition;

This includes advice and supervision on any issues of cleanliness, maintenance and safety, particularly in terms of advising or reminding the service user to maintain the condition of the dwelling and its curtilage. It may also include issues such as advice and supervision of food preparation, food storage and waste disposal, to preserve the condition of kitchen units and other appliances. Advice and supervision on cleaning of items such as curtains and soft furnishings is also eligible.

Assisting the service user to engage with individuals, professionals and other bodies with an interest in the welfare of the service user;

This can include housing staff, social workers, medical staff and others. It includes arranging for them to call at the service user's home dealing with telephone calls or correspondence, and arranging and accompanying the service user to meetings or appointments.

Arranging adaptations to enable the service user to cope with disability;

*Arranging adaptations, for example replacing steps to a house with a ramp, adaptations to equipment, for example bath. **This does not cover the installation of adaptations or the cost of equipment.***

Advising or assisting the service user with personal budgeting, debt counselling;

Such assistance and advice over and above that provided in the course of normal housing management, would be eligible for Supporting People Grant, if they are part of a planned programme of support where tenants are unable to deal with their finances in an organised fashion, have continual budgeting problems, and require regular intervention to assist them in maintaining their tenure. Housing support staff or experienced money advisors may carry out these duties.

Advising or assisting the service user in dealing with relationships/disputes with neighbours;

In general, occasional management of neighbour disputes can be considered as a housing management charge and therefore not eligible for Supporting People Grant. However, where more regular or intensive intervention is required, for example regular intervention by housing support staff to prevent serious disputes arising out of an individual service user's personal circumstances or condition, or resolving such disputes, then these fall under general support and counselling and can receive Supporting monies.

Advising or assisting the service user in dealing with benefit claims and other official correspondence relevant to sustaining occupancy of the dwelling;

In general this is where help is provided as part of a planned package of support, and may require repeated intervention, including some degree of non-specialist advocacy.

Advising or assisting with resettlement of the service user;

This activity covers help which a service user may need in moving to new accommodation. It includes assistance with choosing new accommodation, making practical arrangements for power, telephone lines etc, choosing and arranging decoration and furnishings, and assistance or advocacy in agreeing a new package of support. It does not cover the costs of any items/materials or work involved in renovating, decorating or furnishing the new accommodation.

Advising or assisting the service user to enable him or her to move on to accommodation where less intense support is required;

This is a broad provision, which deals with the rehabilitation function of support, in achieving the aim of independent living. For example, the service user may be living in shared accommodation where cleaning is provided, but may receive advice and instruction on cleaning with a view to moving to mainstream housing.

Assisting with shopping and errands where this does not overlap with similar services provided as personal care;

This provision includes accompanying the service user to help with errands such as shopping, visiting the library or post office and collecting prescriptions.

Maintaining emergency alarm and call systems in accommodation designed or adapted for and occupied by elderly, sick or disabled people;

The cost of the maintenance of alarm equipment in supported accommodation where the accommodation is occupied by elderly, sick or disabled people and such accommodation is either specifically designed or adapted for such persons or otherwise particularly suitable for them, having regard to its size, heating system, and other major features and facilities.

Responding to emergency alarm calls [in relation to housing support services] in supported accommodation designed or adapted for and occupied by elderly, sick or disabled people;

The costs eligible for Supporting People Grant are the costs of responding to the call, where a housing support response is appropriate. The accommodation must be occupied by elderly, sick or disabled people and such accommodation is either specifically designed or adapted for such persons or otherwise particularly suitable for them, having regard to its size, heating system, and other major features or facilities. Where the response required is not housing support (for example, a personal care need of repair to an appliance) this should be charged appropriately. The alarm system itself does not make the accommodation specifically designed or adapted for such persons or otherwise particularly suitable for them.

Systems which monitor the health of the occupant are not eligible for Supporting People Grant.

Controlling access to individual service user's rooms;

Where the service user has a disability that requires additional security within the accommodation.

Cleaning of service users' own rooms and windows;

Charges for the cleaning of service user's own rooms and windows, both internal and external, where neither the service user nor any member of the household is temporarily able to clean these themselves are eligible for Supporting People Grant. For clarity the cleaning of rooms and windows in communal areas will remain eligible for Housing Benefit, as a rent or housing management charge.

Encouraging social intercourse, chatting and welfare checks for residents of accommodation supported by a warden where this does not overlap with similar services provided as personal care or personal support;

This refers to services undertaken by a warden to ensure that residents do not feel isolated and checks made to ensure they are safe.

Arranging social events for residents of accommodation supported by a warden;

*This refers to services undertaken by a warden or support worker to arrange social events in the areas of shared accommodation. **This does not cover the cost of the actual event itself.***

Associated Support/Overhead Costs;

As well as services which are directly delivered to people, some indirect costs can be met from the Supporting People Grant. These include administrative time spent on ensuring eligible services are provided effectively and training costs to ensure staff provide adequate housing support.

*Overhead costs are those costs of a service that result not from the direct activities of the service itself but from the activity of the organisation that provides the service. Examples **include** a share of the following;*

- *Initial start up costs only (a one off payment)*
- *office equipment (not refurbishment of office equipment);*

5.0 Ineligible Housing Support Services

5.1 The following services are not eligible housing support services.

Services provided by a person required to be registered under the Health and Personal Social Services;

Nursing or Personal Care Services;

Personal Care services are defined by the Department of Health, Social Services and Public Safety as 'care which includes assistance with bodily functions where some assistance is required. This will include help with feeding, washing, personal hygiene etc'. Also excluded from Supporting People Grant is administering medication, monitoring side effects, nursing care or occupational therapy.

Note: The definition of personal care is shown at Para 5.2.

Specialised Counselling;

Counselling which is unrelated to Housing Support is also excluded. Examples of this include specialised counselling to deal with addictions, behaviour modification programmes, individual or group therapy, mental state assessments and monitoring which may be undertaken by health care professionals such as community psychiatric nurses or psychiatric nurses or psychiatric social workers.

Domiciliary Care Packages;

Services which are normally undertaken by a care assistant, such as cleaning, cooking and shopping are ineligible. It is therefore important to differentiate between a domiciliary service that is performed for somebody, and a support service that is being provided to a client as part of a rehabilitative plan to encourage greater independence and an ability to undertake the work themselves..

General Housing Management Services;

It is important to acknowledge that costs related to the building are not support costs. Costs relating to;

- *The building should be paid out of rents.*
- *Costs for providing communal services such as gardening, window cleaning and communal utilities should be paid out of the service charge.*
- *Personal use of utilities should be paid by the tenant.*

Building Works; *(unless they are support services or are providing advice and assistance in obtaining grants for works or personal support services during the works).*

This also relates to the organising and repair of properties or contents where this is a landlord responsibility to check.

Service's provided to enforce specific requirements imposed by a court of law;

This relates to supervision and probation programmes e.g. monitoring of curfews etc.

Childcare;

This relates to the supervision and nurturing of a child, including casual and informal services provided by a parent and more formal services organised by a child care centre.

Assessment of service users on behalf of health and social services;

This relates to carrying out assessments on users health needs that would result in the development of a Health and Social Care Support package.

Statutory after-care services;

These are services that Health and Social Care Trusts provide to people who are leaving care to make the transition to independent living. These include the assessments of the persons needs, the provision of a personal adviser and pathway planning for people up to the age of 21(or beyond if continuing in education).

Provision of formal education.

This includes the provision of educational services which are funded by the Department of Education, Education and Library Boards and University's etc.

5.2 Definition of Personal Care

The meaning of 'personal care' is given by Article 10 (3) of 'The Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003'.

It states that 'personal care' includes the provision of appropriate assistance in counteracting or alleviating the effects of any of the matters mentioned in paragraph (1) (a) to (d) which are;

- old age and infirmity;
- disablement*;
- past or present dependence on alcohol or drugs; or
- past or present mental disorder;

and, in particular, includes;

- (a) action taken to promote rehabilitation;
- (b) assistance with physical or social needs; and
- (c) Counselling e.g. to help treat alcohol or drug problems.

But does not include any prescribed activity.

Personal care can include:

- Personal hygiene (e.g. bathing/showering),

- Continence management (e.g. toileting/bed changing),
- Food and diet (e.g. assistance with food preparation),
- Problems of immobility (e.g. help to move around),
- Counselling and support (e.g. reminder device),
- Simple medication (e.g. creams/eye drops), and
- Personal Assistance (e.g. dressing/going to bed).

*** The Disability Discrimination Act defines a disabled person as a person with 'a physical or mental impairment which has a substantial and long-term adverse effect on a person's ability to carry out normal day-to-day activities'**

6.0 Excepted Accommodation

- 6.1 There are types of accommodation which will not be eligible for supporting people funding defined as “excepted” accommodation and described as follows:

Accommodation which is registered under ‘The Registered Homes (Northern Ireland) Order 1992[2] where no funding (under Special Needs Management Allowance) was paid by the Department in relation to that accommodation during the financial year ending on 31st March 2003 is excepted accommodation for the purposes of Article 3 of the Housing Support Services (Northern Ireland) Order 2002.

Accommodation provided as part of a care home service;

Accommodation will be eligible for interim funding if it was in receipt of Special Needs Management Allowance (SNMA) during the financial year ending on 31st March 2003 until such times as the Department for Social Development determines if continued payment of the allowance fits with the overall policy intention of the Supporting People programme to promote independent living. If the Department for Social Development determines that the allowance should be withdrawn a change to Housing Support Regulations NI 2003 is required.

Ineligible service users;

Some service users are ineligible for Supporting People. This is because they are under a statutory duty and the cost of support should be met by social services for example young people subject to a care order. Other ineligible service users are migrant workers who have no recourse to public funds which is a reserved matter and subject to United Kingdom immigration law.

7.0 Accreditation

- 7.1 The accreditation process makes sure that all organisations providing Supporting People services have the capability, structure and capacity to continue to deliver quality services during the duration of a funding agreement. The process is underpinned and directed by the need to ensure the provision of consistent, high quality and value for money housing-related support services. The accreditation process is a key risk management tool for Supporting People.
- 7.2 The principles of the accreditation framework are applied to all organisations which provide, or want to provide, Supporting People services. However, Health and Social Care Trusts/Boards, Housing Associations and the Housing Executive have been pre-approved as accredited providers.
- 7.3 An 'Accreditation Lite' framework has been developed for small providers, sole traders and specialist organisations which better reflects the way they are structured and operate.
- 7.4 New providers who are applying for Supporting People Grant for the first time will be required to be accredited before funding will be paid to them. This will ensure that the organisation will have the appropriate governance, structure and financial viability already in place to deliver a value for money Supporting People service.
- 7.5 Once a provider has been awarded accreditation status it is subject to on-going monitoring and risk assessment. If the monitoring or risk assessment processes give rise to concerns about the providers ability to continue to deliver housing support services, this will result in an immediate review which will either lead to re-accreditation of the provider or withdrawal of accreditation status. Failure to satisfy the accreditation conditions may result in Supporting People Grant being withdrawn.
- 7.6 In the case of mergers between providers, unless the accredited provider is to maintain its own rules, governing instruments and autonomy, the new organisation will need to seek accreditation in its own right. It would be reasonable to expect an organisation to satisfy the accreditation criteria within one year of the merger. Failure to meet the accreditation standards will result in Supporting People Grant being withdrawn.

8.0 Housing Association's Passporting to Supporting People Funding

- 8.1 When the Supporting People programme was introduced in 2003 all providers of Housing Support services were to be subject to the accreditation process by the Northern Ireland Housing Executive. This was to ensure that all providers receiving Supporting People Grant had the capability, structure and capacity to continue to deliver quality services for the duration of their funding agreement.
- 8.2 However, the Department informed the Northern Ireland Housing Executive that Housing Associations who provided housing support services were not subject to the accreditation process and should be passported to receive Supporting People Grant. This was because Housing Associations are regulated by the Department and are subject to inspections by its Regulation and Inspection team.
- 8.3 As the regulator, the Department is required to exercise supervision and control over Registered Housing Associations (Article 4 (1) (c) of the Housing (Northern Ireland) Order 1992) and has a key role in promoting 'Best Value' in the delivery of social housing within Northern Ireland.
- 8.4 The Department's Regulation and Inspection Team is responsible for providing the Department and the Northern Ireland Audit Office with an assurance on the probity, regularity and integrity of expenditure in the operation and administration of Housing Associations. The team reports on how well associations are meeting the regulatory standards, legislative and professional requirements and the needs of service users. It is not within the remit of the Regulation and Inspection Team to regulate or inspect Supporting People functions.
- 8.5 The Department's Regulation and Inspection Team examines the internal workings and control procedures of Associations in order to:
- assess compliance and regulatory requirements;
 - consider how the association is performing in providing good quality, cost effective housing and services;
 - measure its ability to achieve improvement in its operations; and
 - provide an independent opinion on the adequacy and effectiveness of internal control.
- 8.6 Although the inspection covers a range of functional operational areas, input is included from the Central Procurement Directorate of the Department of Finance and Personnel on property development and property management issues, with Housing Division accountants and inspectors determining whether or not an Association is a viable organisation and is operating a framework that effectively identifies and manages risks. The four main areas of focus during the inspection are;
- financial management;

- corporate governance and management;
- property management, and
- property development.

8.7 Housing Associations that fail a housing inspection by the Department's Regulation and Inspection Team are given the opportunity to address those areas that they have failed upon within an agreed timeframe with the Department. The Department's Regulation and Inspection Team will do a follow up inspection to ascertain if the actions that the Housing Association were required to implement have been completed. If the actions have not been completed to the regulatory requirements of the Department, the Housing Association will have failed a 2nd inspection housing inspection.

Note; When a Housing Association fails a 1st housing inspection and they are in receipt of Supporting People funding, the Department's Regulation and Inspection Team will inform the Northern Ireland Housing Executive Supporting People team of the reasons behind the failure. The Northern Ireland Housing Executive will assess the risk of continuing to pay Supporting People Grant to that association and remove the accreditation status. The accreditation status should only be removed if the Northern Ireland Housing Executive considers the reasons for limited or no assurance status, quoted by Department for Social Development, are relevant to the Supporting People accreditation and are putting at risk the services which are being delivered to vulnerable people.

- 8.8 The Northern Ireland Housing Executive will assess the risk of continuing to provide Supporting People grant to the association while the accreditation process is being implemented.
- 8.9 The Department would expect that the Housing Association should satisfy the accreditation criteria within one year of losing the automatic passport to accreditation for the purposes of Supporting People funding. Failure to meet the accreditation standards may result in Supporting People grant being withdrawn from the association.

9.0 Unspent Supporting People Grant

- 9.1 The following paragraphs sets out the procedure where an organisation does not spend their allocation of Supporting People grant in the financial year that has been allocated.
- 9.2 Supporting People grant is a restricted fund which is defined as funding where a funder has specified what the money must be spent on and the organisation does not have the power to spend the money on anything else. If the funding is not spent for the approved purposes during the financial year to which it relates, the unspent amount will be recovered by the Northern Ireland Housing Executive.
- 9.3 The Northern Ireland Housing Executive will contact the organisation to make arrangements for the grant to be refunded and will engage with the organisation to determine the amount of Supporting People grant to be awarded for future financial years.
- 9.4 The Northern Ireland Housing Executive's 'Supporting People Funding Agreement' currently provides the terms and conditions upon which the Northern Ireland Housing Executive will provide funding for individual Housing Support Services.

The agreement includes;

- i. financial information i.e. funding details and payment arrangements;
 - ii. operational information i.e. existing policies and procedure; and
 - iii. service specification i.e. details of the services provided.
- 9.5 The sections of the funding agreement which relate to unspent Supporting People grant and the financial arrangements are as follows;

Schedule 8: Information Provisions

Clause 4 Audit Accounts requirements

4. The Recipient undertakes that it will throughout the Agreement Period, and throughout the period of 1 year beginning at the end of the Agreement Period, make available to the Executive within thirty (30) days after the formal adoption thereof its Audited Accounts and End of Year Financial Certificate showing the Funding as a restricted fund within the accounts together with any Internal Control Reports produced by the Recipient's auditors. In respect of Health & Social Services Trusts, management accounts verified by the Director of Finance will be acceptable in lieu of audited accounts.

For the purpose of Clause 4 Providers must reflect Supporting People funding as a "restricted fund" in its Audited Accounts as defined in paragraph 9.3

Schedule 11; Miscellaneous Provision

Clause 33-35: Financial arrangement between the provider and the Northern Ireland Housing Executive.

33. *If during any particular financial year, the expenditure actually incurred by the Recipient in providing the services is less than the amount actually paid or payable by the Executive in respect of those services during that financial year, the Recipient shall immediately notify the Executive in writing and provide details of the under-spend. The Executive will decide, having due regard to the legitimate interests of both the Executive and the Recipient, whether and to what extent such under-spend shall be reimbursed to the Executive. Any decision made by the Executive will take into account best practice in relation to financial reserves in the relevant sector.*

34. *If the funding is not spent for the approved purposes during the financial year to which it relates, the unspent amount may be recovered by the Executive during or at the end of that financial year. It may also be taken into account in determining the amount of funding to be paid in the following financial year. Any decision made by the Executive will take into account best practice in relation to financial reserves in the relevant sector.*

35. *Any funding provided can only be used for the purposes set out in this Agreement.*

- 9.6 Although clause 33 and 34 states that the Executive will take into account best practise in relation to financial reserves in the relevant sector, this definition excludes unspent money from restricted funds which applies to the Supporting People grant i.e. where a funder has specified what the money must be spent on and the trustees or committee members do not have the power to spend the money on anything else.
- 9.7 The Northern Ireland Housing Executive references to best practice in relation to financial reserves apply to that part of an organisation's income that is freely available for its general purposes. Reserves are the resources that an organisation has or can make available to spend for any or all of its purposes once it has met its commitments and covered its other planned expenditure. The Statement of Recommended Practise (SORP) 2005 defines reserves as income which becomes available to the organisation and is to be spent at the trustees or committee members discretion in the furtherance of the objectives of the organisation (sometimes called general purpose income) but which is not yet spent, committed or designated".
- 9.8 In terms of Charity Commission/SORP guidance Supporting People grant is by definition a restricted fund. Holding financial reserves in respect of a restricted fund does not apply if funding has not been spent within a particular financial year that it has been allocated.
- 9.9 The Northern Ireland Housing Executive as administrators of the programme have relevant processes in place for the recoupment of unspent Supporting People grant.

Appendix I - The Housing Support Services (Northern Ireland) Order 2002

2002 No. 3154 (N.I. 8)

NORTHERN IRELAND

The Housing Support Services (Northern Ireland) Order 2002

Made 17th December 2002

Coming into operation on a day to be appointed under Article 1(2)

ARRANGEMENT OF ORDER^[a]

- 1. Title and commencement**
- 2. Interpretation**
- 3. Provision of housing support services**
- 4. Grants for housing support services**
- 5. Consultation**
- 6. Disclosure of information**
- 7. Unauthorised disclosure of information**
- 8. Housing benefits**

At the Court at Buckingham Palace, the 17th day of December 2002

Present,

The Queen's Most Excellent Majesty in Council

Whereas a draft of this Order in Council has been approved by resolution of each House of Parliament:

Now, therefore, Her Majesty, in exercise of the powers conferred by paragraph 1(1) of the Schedule to the Northern Ireland Act 2000 (c. 1) and of all other powers enabling Her in that behalf, is pleased, by and with the advice of Her Privy Council, to order, and it is hereby ordered, as follows:-

Title and commencement

1. - (1) This Order may be cited as the Housing Support Services (Northern Ireland) Order 2002.
- (2) This Order shall come into operation on such day as the Department may by order appoint.

Interpretation

2. - (1) The Interpretation Act (Northern Ireland) 1954 (c. 33) applies to this Order as it applies to an Act of the Assembly.

(2) In this Order-

"the Department" means the Department for Social Development;

"the Executive" means the Northern Ireland Housing Executive;

"housing support services" has the meaning given in Article 3;

"prescribed" means prescribed by regulations made, subject to negative resolution, by the Department;

"statutory provision" has the meaning given in section 1(f) of the Interpretation Act (Northern Ireland) 1954.

Provision of housing support services

3. - (1) The functions of the Executive shall include securing the provision of housing support services.

(2) The Executive may do such things as it considers appropriate for or in connection with securing the provision of housing support services and may, in particular:-

(a) incur expenditure,

(b) give financial assistance to any person,

(c) enter into arrangements or agreements with any person,

(d) co-operate with, or facilitate or co-ordinate the activities of any person,

(e) exercise on behalf of any person any functions of that person; and

(f) provide staff, goods, services or accommodation to any person.

(3) In this Order "housing support services" includes any service which provides support, assistance, advice or counselling to an individual with particular needs with a view to enabling him to occupy, or to continue to occupy, as his only or main residence, housing accommodation in Northern Ireland other than excepted accommodation.

(4) In paragraph (3)

"housing accommodation" has the meaning given in Article 2(2) of the Housing (Northern Ireland) Order 1981 (N.I. 3); and

"excepted accommodation" means accommodation, or accommodation of a type, prescribed as such.

Grants for housing support services

4. - (1) The Executive may pay grants to eligible persons towards expenditure incurred by them in providing, or contributing to the provision of, prescribed housing support services.

(2) A person is an eligible person for the purposes of this Article if, and only if, he is a person of such description as may be prescribed.

(3) The Executive shall determine the amount of any grants under this Article and the manner of their payment.

(4) Grants under this Article may be paid on such terms and conditions as may be prescribed.

(5) Without prejudice to the generality of paragraph (4), those terms and conditions may include provision as to the circumstances in which the whole or any part of a grant must be repaid to the Executive.

Consultation

5. Before making any regulations under Article 3 or 4, the Department shall consult:-

- (a) the Executive;
- (b) such recipients, or representatives of recipients, of housing support services as appear to the Department to be appropriate; and
- (c) such providers, or representatives of providers, of housing support services as appear to the Department to be appropriate.

Disclosure of information

6. - (1) Paragraph (2) applies to information which is held by, or by a person providing services to, the Department and which relates to income support or income-based jobseeker's allowance.

(2) Information to which this paragraph applies may be supplied to:-

- (a) the Executive, or
- (b) a person authorised to exercise any function of the Executive relating to any grant that is or will be paid under Article 4, for purposes connected with the application of that grant towards expenditure falling within paragraph (1) of that Article.

(3) Information which is supplied to the Executive or another person under paragraph (2) may be supplied by the Executive or person to a person who provides qualifying housing support services for purposes connected with the provision of those services.

(4) For the purposes of this Article a person is to be regarded as providing qualifying housing support services if:-

- (a) he provides housing support services, and
- (b) the Executive contributes or will contribute to the expenditure incurred by him in providing those services, through any grant which is or will be paid under Article 4.

Unauthorised disclosure of information

7. - (1) The persons to whom this Article applies are:-

- (a) any person ("the recipient") to whom information is supplied by virtue of Article 6,
- (b) any person who is or has been a director, member of the committee of management, manager, secretary or other similar officer of the recipient, and
- (c) any person who is or has been employed by the recipient.

(2) A person to whom this Article applies is guilty of an offence if he discloses without lawful authority any information which is supplied by virtue of Article 6 and which relates to a particular person.

(3) It is not an offence under this Article:-

(a) to disclose information in the form of a summary or collection of information so framed as not to enable information relating to any particular person to be ascertained from it, or

(b) to disclose information which has previously been disclosed to the public with lawful authority.

(4) It is a defence for a person charged with an offence under this Article to prove that at the time of the alleged offence:-

(a) he believed that he was making the disclosure in question with lawful authority and had no reasonable cause to believe otherwise, or

(b) he believed that the information in question had previously been disclosed to the public with lawful authority and had no reasonable cause to believe otherwise.

(5) A person guilty of an offence under this Article is to be liable:-

(a) on conviction on indictment, to imprisonment for a term not exceeding 2 years or a fine or both, or

(b) on summary conviction, to imprisonment for a term not exceeding 6 months or a fine not exceeding the statutory maximum or both.

(6) For the purposes of this Article a disclosure is to be regarded as made with lawful authority if, and only if, it is made:-

(a) in accordance with Article 6(3) or any other statutory provision,

(b) in accordance with an order of a court,

(c) for the purpose of instituting, or otherwise for the purposes of, any proceedings before a court or tribunal, or

(d) with the consent of the appropriate person (as defined in section 117(10) of the Social Security Administration (Northern Ireland) Act 1992 (c. 8)).

Housing benefits

8. - (1) Section 129 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7) (housing benefit) is amended as follows.

(2) At the end of subsection (2) there is inserted:-

" This subsection is subject to subsection (2A).

(2A) Except to the extent that regulations otherwise provide, payments in respect of services which provide support, assistance, advice or counselling to individuals with particular needs are not "payments in respect of a dwelling" for the purposes of subsection (1)."

A. K. Galloway

EXPLANATORY NOTE

(This note is not part of the Order.)

This Order confers on the Northern Ireland Housing Executive the function of securing the provision of housing support services to individuals with particular needs, and empowers the Executive to pay grants to eligible persons towards expenditure incurred by them in providing certain housing support services. The Order amends section 129 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 to exclude payments in respect of such services when determining entitlement to housing benefit.

Appendix 2

The Housing Support Regulations NI 2003

Statutory Rule 2003 No. 172

The Housing Support Services Regulations (Northern Ireland) 2003

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STATUTORY RULES OF NORTHERN IRELAND

2003 No. 172

HOUSING SUPPORT SERVICES

The Housing Support Services Regulations (Northern Ireland) 2003

Made 13th March 2003

Coming into operation 1st April 2003

The Department for Social Development, in exercise of the powers conferred on it by Articles 3(4) and 4 of the Housing Support Services (Northern Ireland) Order 2002^[1] and of every other power enabling it in that behalf, and after consultation with the Executive and such other persons as appear to the Department to be appropriate in accordance with Article 5 of that Order, hereby makes the following Regulations:

Citation, commencement and interpretation

1. - (1) These Regulations may be cited as the Housing Support Services Regulations (Northern Ireland) 2003 and shall come into operation on 1st April 2003.

(2) In these Regulations -

"the Order" means the Housing Support Services (Northern Ireland) Order 2002;

"service user" means a person using housing support services.

Housing support services

2. The following services are housing support services for the purposes of Article 4 of the Order -

(a) provision of general counselling and support including befriending, encouraging social intercourse, advising on food preparation, reminding and non-specialist counselling where this does not conflict with similar services provided as personal care;

(b) assistance with the security of the dwelling required because of the needs of the service user;

(c) assistance with the maintenance of the safety of the dwelling;

(d) assistance and supervision on the use of domestic equipment and appliances;

(e) assistance with arranging minor repairs to and servicing of domestic equipment and appliances;

(f) provision of life skills training in maintaining the dwelling and curtilage in appropriate condition;

- (g) assistance in how to engage with individuals, professionals and other bodies with an interest in the welfare of the service user;
- (h) assistance on access to the provision of equipment and adaptations to cope with disability;
- (i) advice or assistance in personal budgeting and debt counselling;
- (j) advice or assistance in dealing with relationships or disputes with neighbours;
- (k) advice or assistance in dealing with claims to social security benefits and other official correspondence relevant to sustaining occupancy of the dwelling;
- (l) advice or assistance with resettlement of the service user;
- (m) advice or assistance to enable a service user to move on to accommodation where less or more intense support is required;
- (n) advice or assistance with shopping and errands where this does not conflict with similar services provided as personal care;
- (o) maintenance of emergency alarm or call systems;
- (p) responding to emergency alarm calls, where such calls relate to any housing support service, in accommodation designed or adapted for and occupied by elderly, sick or disabled people;
- (q) controlling access to individual resident's rooms;
- (r) cleaning of resident's own rooms and windows;
- (s) providing for the costs of resettlement services;
- (t) encouraging social intercourse and welfare checks for residents of accommodation supported by either a resident warden or a non-resident warden with a system for calling that warden where this does not overlap with similar services provided as personal care or personal support;
- (u) arranging social events for residents of accommodation supported by either a resident warden or a non-resident warden with a system for calling that warden.

Excepted accommodation

3. Accommodation which is registered under The Registered Homes (Northern Ireland) Order 1992^[2] where no funding (under Special Needs Management Allowance) was paid by the Department in relation to that accommodation during the financial year ending on 31st March 2003 is excepted accommodation for the purposes of Article 3 of the Order.

Persons eligible for payment of a grant

4. An eligible person is a person who enters into a contract with the Executive to provide or contribute to the provision of the Housing Support Services prescribed in Regulation 2.

Terms and conditions relating to payment of grants

5. A grant shall be used solely for the purpose of delivering Housing Support Services

6. Where the recipient of a grant ceases to provide the service for which the payment has been made or provides a service which is unsatisfactory or the number of service users receiving the service reduces, he shall repay the whole or such part of the grant as the Executive demands within one month of the date of receipt of the demand

Sealed with the Official Seal of the Department for Social Development on
13th March 2003.

L.S.

D. M. Crothers

A senior officer of the Department for Social Development

EXPLANATORY NOTE

(This note is not part of the Regulations.)

These Regulations prescribe the types of housing support services that may be provided by eligible persons using grant administered by the Northern Ireland Housing Executive and the terms and conditions relating to any such payment.

The Housing Support Services (Northern Ireland) Order 2002 is brought into operation on 1st April 2003 by the Housing Support Services (2002 Order) (Commencement) Order (Northern Ireland) 2003 (S.R. 2003 No. 171 c. 12)).

Notes:

[1] S.I. 2002/3154 (N.I. 8)[back](#)

[2] SI 1992/ 3204 (N.I. 20)[back](#)

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Prepared 28 March
2003

Appendix 3 - Supporting People Eligible/Ineligible Services

SERVICE	ELIGIBLE	ELIGIBLE (if provided as ancillary to housing related support)	INELIGIBLE
Assessment of eligibility for housing support.	YES	YES	AD-HOC provision of advice and support without a support plan.
Advice and guidance to resolve or prevent housing debt or other debt that affects ability to pay for housing.	YES	N/A	Rent collection and monitoring of arrears. Payment of rates/rent/arrears
Assistance to claim appropriate benefits and maximise income.	YES	N/A	The completion of forms without consent and involvement of service user.
Advice and guidance to manage personal budget	YES	N/A	
Advice and guidance on self catering	YES	N/A	Preparation of meals
Advice and assistance in relation to fulfilling licence/tenancy/mortgage conditions.	YES	N/A	
Advice and prompting to maintain the safety and security of the accommodation	YES	N/A	
Advice and assistance in relation to organising repairs or improvements	YES	N/A	Cost or repairs/ improvements and materials
Advice on connection to utilities	YES	N/A	
Assistance to help overcome social exclusion e.g. shopping	YES	N/A	

Supporting educational/employment pursuits	YES	N/A	
Provision of information on community facilities and services available	YES	N/A	
Regularly advising/assisting with relationships/disputes with neighbours	YES	NA	Occasional management of neighbour disputes
Advice and assistance in acquiring essential household items	YES	N/A	Shopping for service users
Advice on how to safely use domestic equipment/appliances in the home	YES	N/A	Operating the appliances for the service user
Provision of community alarm service	NO	N/A	YES
Maintenance of community alarm	YES	NA	Replacement or upgrade of alarm
Advice and assistance to enable move on to more appropriate accommodation	YES	N/A	
Assisting to help arrange for domestic help	YES	Cleaning if the service user is unable to do it on a temporary basis	Regular cleaning and laundry
Assistance to become familiarised with health and Safety procedures and personal safety	YES	N/A	
Risk assessment with regard to the service users ability to live independently	YES	N/A	Risk assessment with regard to personal care activities
Advice on how to report repairs and organise repairs or improvements	YES	N/A	Carrying out repairs
Arranging adaptations to enable service user to cope with disability	YES	N/A	Cost of installation of adaptations or cost of equipment
Assistance in management of health and well-being.	YES	Advice and encouragement	Administering medication,

Occasional prompting with self medication		to carry out personal care	Assistance with personal care (see paragraph 3.12)
Support around substance misuse	YES	N/A	Specialist counselling
Provision of advice and information on individuals' support package	YES	NA	
Signposting and assistance to access specialist advice	YES	NA	provision of specialist advice
Arranging Social Events in Supported Accommodation	YES	YES	Cost of the event
Associated Support/Overhead costs; - Initial start-up costs only, - Office equipment.	YES	YES	Refurbishment of office equipment.

Appendix 4

DAO 15/2007

GUIDANCE ON RESERVES HELD BY VOLUNTARY AND COMMUNITY ORGANISATIONS

Introduction

Most organisations are keenly aware of the need to secure their viability beyond the immediate future. In order to be able to provide reliable services over the longer term, organisations must be able to absorb setbacks and to take advantage of change and opportunity. Many provide for this by putting aside, when they can afford it, some of their current income as a reserve against future uncertainties.

This guidance relates to all voluntary and community organisations. It may be relevant to any public bodies or independent funders who support the voluntary and community sector in terms of what a funder might expect to see in a well governed organisation. This guidance is expected to be applicable to all organisations in the voluntary and community sector in Northern Ireland but in itself has no legal authority.

The purpose of this guidance therefore is to provide organisations with best practice advice in respect of reserves and how the holding of reserves should be justified through the development and agreement of a reserves policy. In Positive Steps¹ the government gave a commitment to consider specific Northern Ireland guidance on an organisational reserves policy. It made clear that guidance from the Charity Commission for England and Wales would be useful in developing the policy and as such, much of the detail in this document comes from guidance from the Charity Commission for England and Wales. Clearly the Draft Charities (Northern Ireland) Order 2006² and specifically the commitment to establish a Charity Commission for Northern Ireland³ may impact on the status of this guidance over time.

Definition of reserves

For the purposes of this advice the term “reserves” is applied to that part of an organisation’s income that is freely available for its general purposes. Reserves are the resources the organisation has or can make available to spend for any or all of its purposes once it has met its commitments and covered its other planned expenditure. SORP 2000 defines reserves as income which becomes available to the organisation and is to be spent at the trustees or committee members discretion in furtherance of the objects of the organisation (sometimes called “general purpose income”) but which is not yet spent, committed or designated (i.e. is “free”).

This definition excludes unspent money from restricted grants, i.e., where a funder has specified what the money must be spent on and the trustees or committee members do not have the power to spend the money on anything else. In terms of

¹ Department of Social Development (March 2005) *Positive Steps The Government's Response to Investing Together: Report of the Task Force on Resourcing the Voluntary and Community Sector* http://www.dsdni.gov.uk/publications/documents/Positive_Steps.pdf at paragraph (3.12)

² *The Draft Charities (Northern Ireland) Order 2006* http://www.dsdni.gov.uk/dsd_charities_review.pdf

³ *The Draft Charities (Northern Ireland) Order 2006* http://www.dsdni.gov.uk/dsd_charities_review.pdf Part II

Charity Commission/SORP guidance it excludes the following (see Annex A for a glossary of terms):

- i. Permanent endowment/capital
- ii. Expendable endowment/capital
- iii. Restricted income Funds
- iv. Designated income Funds
- v. Income funds which could only be realised by disposing of fixed assets held for charity use.

Although there are no legal restrictions on the use of designated income funds or expendable endowment as reserves this is generally not recommended by the Charity Commission. If part of an unrestricted fund is ear-marked for a particular project it may be designated as a separate fund. Funds could be designated for a project that the organisation is seeking to build resources for, such as refurbishing their building. Designation does not restrict the trustees or committee members, they can change their minds. But their initial decision should be a genuine one, not a method for hoarding funds. The designation should be recorded in the minutes of a board meeting as should any subsequent re-designation. It will be important that a policy providing for any transfer between funds and allocations to or from designated funds⁴ as well as the reasons for setting up a fund are explained (specifically in the notes to accounts).

Why hold reserves?

Any organisation which enters commitments – through the agreement to deliver services, the employment of staff, the rental of premises, the purchase of goods or services etc - must ensure that it has sufficient resources. Even when an organisation operates in the most stable of environments where future income streams and expenditure requirements can be identified there will remain an element of uncertainty as to the absolute timing of each individual transaction and also the possibility that unforeseen expenses or liabilities will emerge. Against this background it is considered good practice for organisations to seek to build some financial reserves which will allow them to meet future commitments or unforeseen expenses without a negative impact on their ability to deliver their services or develop their businesses in the manner planned.

Voluntary and community sector organisations that hold reserves are able:

- to absorb setbacks and to take advantage of change and opportunity;
- to demonstrate that they have thought through how they might secure their viability beyond the immediate future and provide reliable services over the longer term;
- to demonstrate to potential funders that they are effectively managing their resources, and have given consideration to their long-term plans and viability.

⁴ Charity Commission (2005) *Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) 2005* <http://www.charity-commission.gov.uk/Library/publications/pdfs/sorp05text.pdf>

Reserves policy

Organisations may find their decision to hold reserves is subject to scrutiny or comment in the public arena. Documentation, in the form of a reserves policy, provides the public and existing or potential funders with a clear explanation of the nature and purpose of any reserves held. For this reason it is strongly recommended that a reserves policy is developed and documented. The essential point here is that it can demonstrate publicly to donors/funders the reasons to retain a particular level of income as a reserve.

The amount of detail contained within an organisation's reserves policy should be proportional to the scale and complexity of the organisation's affairs. A small organisation, or one with a stable pattern of receipts and payments, few if any commitments, and little susceptibility to outside influences should be able to address the matters contained in their reserves policy quickly and briefly. Conversely if an organisation's income is volatile or insecure, it has high commitments, and its business is highly susceptible to factors outside its control, it may find that the classifications, scope and level of reserves it would wish to hold are more detailed and its reserve policy should reflect this.

In certain circumstances it might be acceptable for an organisation not to hold reserves, but this should be the result of a considered decision as demonstrated in their reserves policy. The reserves policy cannot be formed in isolation and needs to be seen in the context of the overall financial position including assets managed.

To justify the holding of reserves, a reserve policy should be based on a realistic assessment of need and should cover as a minimum:

- (i) the reasons why the organisation needs a reserve or does not;
- (ii) what level (or range) of reserves the organisation believes it needs;
- (iii) what steps the organisation is going to take to establish or maintain reserves at the agreed level (or range); and
- (iv) arrangements for monitoring and reviewing the policy.

Setting a reserve level

An organisation's reserve policy should be informed by:

- (i) its forecasts for levels of income in future years, taking into account the reliability of each source of income and the prospects for opening up new sources;
- (ii) its forecasts for expenditure in future years on the basis of planned activity;
- (iii) its analysis of any future needs, opportunities, contingencies or risk; and
- (iv) its assessment, on the best evidence reasonably available, of the likelihood of each of those needs and risks arising and the potential consequences for the organisation of not being able to meet them. In particular circumstances this may have to involve some consideration of wind up arrangements and the financial consequences arising although

it is recognised that the accounting arrangements involved will be different here.

Trustees who hold reserves without making any attempt to explain their need in terms of these factors will probably have great difficulty explaining in any convincing way why they hold those reserves.

The Charity Commission does not prescribe a 'correct' level of reserves. It recognises that each organisation's position is different and it is impossible to set a formula for reserves levels that will suit all organisations at all stages of their development. As noted a reserves policy has to be seen in the wider financial position of an organisation as set out in paragraph (12).

As a general guide, an acceptable level of free reserve might be considered to be:

- (i) sufficient free reserves to provide cover for between 3 – 6 months in relation to known liabilities;
- (ii) a smaller additional provision of free reserves for unforeseen liabilities

It is also possible that the organisation may hold an amount in respect of designated reserves. This along with the 2 areas listed above are clearly inter-related and should be considered together. It is also important to note that departments have no obligation to directly fund reserves. Organisations may be able to raise money, for example through direct fundraising or events, raise income from the sale of services including contracts for public services or the expertise of staff or the rental of unused space in accommodation they own.

Reporting on reserves

SORP requires trustees to include in their annual report information about their reserves policy and the level of reserves they hold. They should:

- (i) describe the reserves policy
- (ii) explain why they hold or do not hold reserves and, if they do, in respect of what future needs, opportunities, contingencies or risks; and
- (iii) give the level of reserves at the last day of the financial year to which the report relates.

Reserves – impact on funding

An organisation will normally require a minimum level of reserves to fund its working capital requirements and provide funding for contingencies identified in its management statement. Therefore the existence of reserves (money held in an account not currently being used for operational or project needs) can be a sign of good resource management. In this regard and following Charity Commission guidance to funders⁵ any future accreditation scheme for organisations in the sector may require evidence of a reserves policy as a prerequisite for accreditation.

⁵ Charity Commission (11 January 2007) *Operational Guidance – Charity Income Reserves* <http://www.charitycommission.gov.uk/supportingcharities/ogs/q043b002.asp> at section 5.

Organisations should not be penalised for exercising proper governance in the creation of reasonable reserves to meet organisation liabilities. As long as there is a clear documented policy and this is considered to reflect the organisational needs, then this should not adversely affect any funding application.

Where an organisation is considered to hold reserves in excess of that justified by its reserves policy a funding department may decide to require the organisation to provide a further justification of the level of funding held or adjust the timing of the funding awarded. This should always be documented and explained in writing to the applicant organisation

Reserve's policy – timing

An organisation's reserves policy should be reviewed every two or three years in cognisance of its strategic planning, it should not be seen as a 'bolt on' task to be dealt with by those who compile the accounts. The reserves policy should also be updated at the end of each financial year to take account of any change in circumstance and to recalculate the percentage free reserve based on the yearend balance. This should be completed in advance of any applications for funding in the new financial year.

GLOSSARY OF TERMS

Refer to SORP 2005 Paragraphs 65-76:

<http://www.charity-commission.gov.uk/investigations/sorp/sorp05docs.asp>

Unrestricted Income Funds (Including Designated Funds)

Nearly all charities have a fund which is available to the trustees to apply for the general purposes of the charity as set out in its governing document. This is the charity's "unrestricted" fund (sometimes called a "general" fund) because the trustees are free to use it for any of the charity's purposes. Income generated from assets held in an unrestricted fund will be unrestricted income. The trustees may earmark part of the charity's unrestricted funds to be used for particular purposes in the future. Such sums are described as "designated funds" and should be accounted for as part of the charity's unrestricted funds. The trustees have the power to re-designate such funds within unrestricted funds and then include in reserves. When a designation has been made at the balance sheet date, the amount of the designation may be adjusted subsequent to the yearend if more accurate information becomes available.

Restricted Funds

Many charities hold funds that can only be applied for particular purposes within their objectives. These are restricted funds and have to be separately accounted for. The restriction may apply to the use of income or capital or both. Income generated from assets held in a restricted fund (e.g. interest) will be legally subject to the same restriction as the original fund unless either:

- (a) the terms of the original restriction specifically say otherwise (for example, the expressed wishes of a donor or the terms of an appeal), or
- (b) the restricted fund is an endowment fund, the income of which is expendable at the discretion of the trustees.

Permanent and Expendable Endowments

One form of restricted fund is an "endowment", which is held on trust to be retained for the benefit of the charity as a capital fund. Where the trustees must permanently maintain the whole of the fund it is known as permanent endowment. Such a fund may consist of investment assets and/or assets that are used for the purposes of the charity. Such a fund cannot normally be spent as if it were income. In some instances the trustees may have a power of discretion to convert endowed capital into income in which case the fund is known as expendable endowment. The initial gift and subsequent increases and decreases in the amount of any endowment funds should be shown in the Statement of Financial Activities as part of those funds.