



**An Phríomh-Oifig Staidrimh**  
Central Statistics Office

# Classification of Approved Housing Bodies under ESA 2010

Central Statistics Office  
20 December 2017



# Role of CSO

- Ireland's National Statistical Institute (NSI)
- Part of the European Statistical System
  - Eurostat, NSIs of EU MSs and “other national authorities”
- Independent office
- Primacy of role of the NSI and of the DG in relation to statistical matters established in national and EU law.
  - Statistics Act, 1993
  - Regulation (EC) No 223/2009 (as amended 2015)
- Sole contact point for the Commission (Eurostat) on statistical matters (Reg 223/2009)



# Role of Eurostat

- Regulation (EC) No 223/2009 (as amended 2015)
- “Community statistical authority”
- Role in relation to European statistics
  - act independently in ensuring the production of European statistics
  - coordinate the statistical activities of the institutions and bodies of the Union, in particular with a view to ensuring consistency



# Role of Eurostat

- Key function – consistency of treatment across Member States
- Operational through various mechanisms, including EDP dialogue visits to MS
- January 2017 – EDP DV to Ireland
  - *AP 18 – As regards approved housing bodies, the issue of their classification will need to be revisited in the light of ESA 2010, taking into account the discussion held and the points raised by Eurostat.*



# EDP and GFS

- Excessive Deficit Procedure (EDP) notification
  - Bi-annual reporting to Eurostat of government deficit and debt and related government finance statistics (GFS)
  - Forms part of the “preventive arm” of the Stability and Growth Pact and subsequent legislation (e.g. Fiscal Compact).
- Council Regulation (EC) No. 479/2009
  - as amended by Council Regulation 679/2010, and Commission Regulation (EU) No 220/2014
- Places responsibility for compliance with ESA 2010 standards and definitions on the NSI (Article 16).
- Provides for Eurostat to place a reservation on, or amend, data reported to them by Member States where the data is assessed to be non compliant with these standards (Article 15).

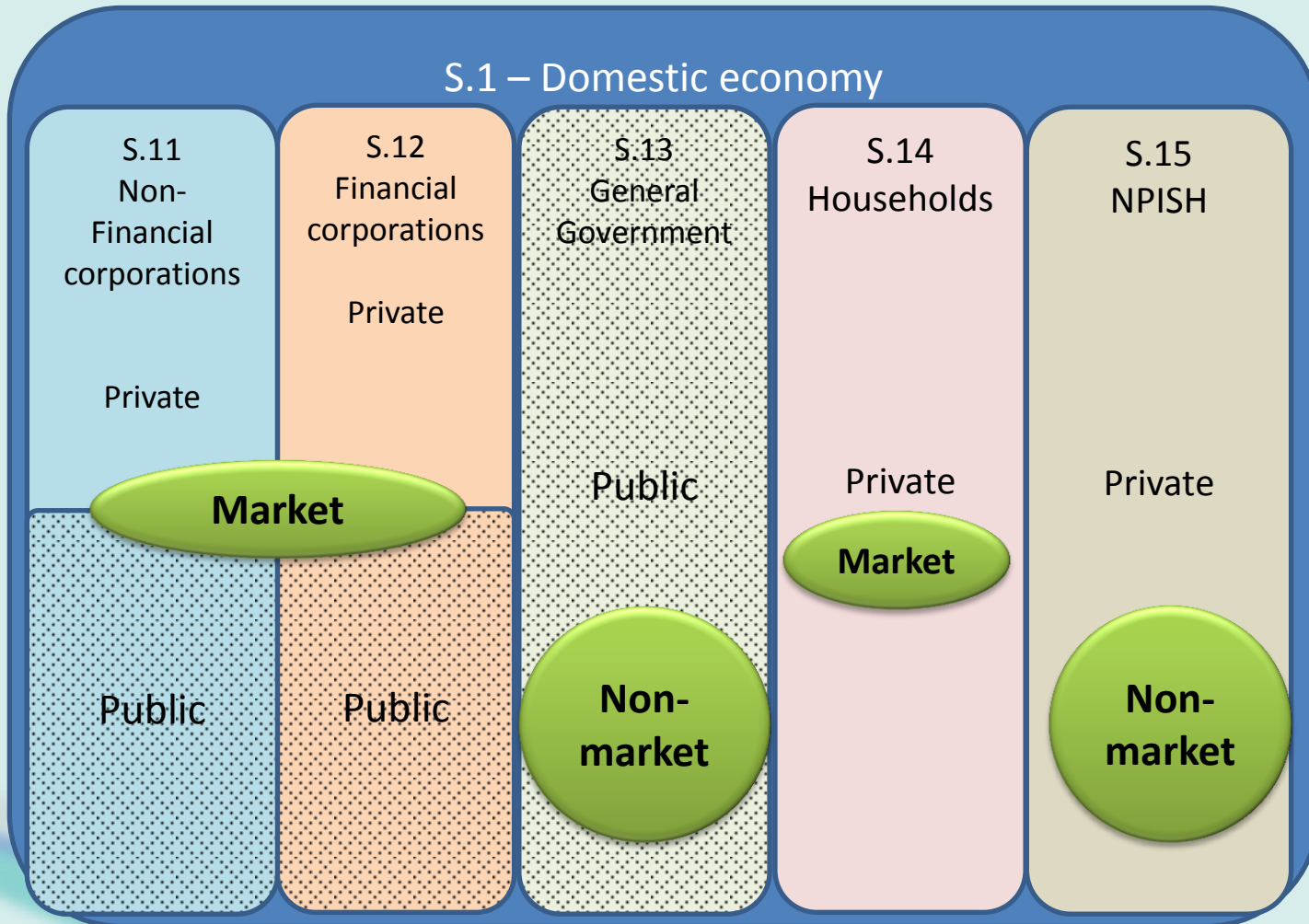


# Defining General Government

- EDP and GFS reporting is based on the concept of a government sector.
- According to ESA 2010, the General Government Sector (S.13) is the set of all bodies which:
  - are directly or indirectly **controlled** by a Government department or office, or by a local authority;  
and which either
  - lack autonomy of decision and the power to own assets/liabilities, and/or do not produce a full set of accounts (the '**institutional unit**' test);  
or
  - are non-market producers (the '**market/non-market**' test)



# The institutional sectors





# The sector classification process

- Key part of GFS work to ensure adherence to ESA2010 standards
- Register of public bodies (government and public market producers) updated at each EDP notification
- Periodic reviews may take place on CSO's own initiative, on request from policy dept (usually *ex ante*) or on request from Eurostat
- For material/complex cases assessment is on an individual basis
  - may be block assessment for small very similar entities.





# Control criteria under ESA 2010

<b>Corporations (para 2.38)</b>	<b>Non-Profit Institutions (para 2.39)</b>
<b>(a) Government ownership of the majority of the voting interest</b>	<b>(a) Appointment of officers</b>
<b>(b) Government control of the board or governing body</b>	<b>(b) Provisions of the enabling instruments</b>
<b>(c) Government control of the appointment and removal of key personnel</b>	<b>(c) Contractual agreements</b>
<b>(d) Government control of key committees in the entity</b>	<b>(d) Degree of financing</b>
<b>(e) Government possession of a golden share</b>	<b>(e) Degree of government risk exposure</b>
<b>(f) Special regulations</b>	
<b>(g) Government as a dominant customer</b>	
<b>(h) Borrowing from government</b>	



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# Overview of Process for Classifying Approved Housing Bodies

20 December 2017



# Process for Classifying Approved Housing Bodies

1. Understanding of sector
2. Gathering information on individual AHBs.
3. Questionnaire to structure data compilation and interpretation.
4. Analysis of findings, review of relationship between AHBs and government
5. Preliminary conclusion to Eurostat



# 1. Understanding of Sector

Meetings with

- Irish Council for Social Housing
- Housing Agency
- Dept. of Housing PCLG
- On-going bilateral communications
- CSO own research



# 1. Understanding of Sector

## Documents Supplied by DoHPCLG

- Schemes available to Approved Housing Bodies in the provision of social housing
- The Green Book – Capital Funding Schemes for the provision of Rental Accommodation by Approved Housing Bodies
- Copies of Contracts and Agreements for various schemes



# 1. Understanding of Sector

## Documents Supplied by ICSH & HA

- ICSH Fact Sheet to aid review
- Presentation by ICSH at Housing Europe Conference (March 2017) – summary of survey of European bodies.
- Guidance Note on Capital Advance Leasing Facility (CALF) for Approved Housing Bodies and Housing Authorities



# 1. Understanding of Sector

Other documents – e.g.

- Profiles of a Movement: Co-operative Housing from Around the World
- National Statement of Housing Supply and Demand 2016 and Outlook for 2017-18
- Financing of Social Housing in Selected European Countries - NESC Secretariat Papers Paper No. 11 July 2014
- Study on Financing of Social Housing in 6 European countries - CECODHAS Housing Europe Observatory, July 2013



## 2. AHB Specific Information

- Annual Financial Return to Interim Regulator
- Annual Regulatory Return to Interim Regulator
- Annual Financial Statements from CRO
- Memoranda and Articles of Association
- Annual Reports
- AHB websites.





# 3. Questionnaire

- Government Control and Autonomy Assessment Questionnaire.
  - Modified version of CSO template for assessing classification of entities.



## 4. Relationship between AHBs and government

- Role of AHBs articulated in government policy
  - key mechanism in implementation of housing strategy
  - *“an increasingly important part of the overall response to national housing needs”*
  - Social Housing Strategy 2020
    - AHBs *“expanding significantly and playing a lead role in the delivery and supply of new social housing”*
    - *“an enhanced role for AHBs in the provision of new supply will be central to the Government’s vision”*
- Relationship operationalised through various funding schemes.



## 4. Relationship between AHBs and government

Range of (LA - AHB) capital schemes for the provision of social housing

- CAS (Capital Assistance Scheme)
- CLSS (Capital Loan and Subsidy Scheme)
- CALF (Capital Advance Loan Facility)
  - CAA (Capital Advance Agreement)
  - P&A (Payment and Availability Agreement)

Funded under SHCEP (Social Housing Current Expenditure Programme)

- AHB direct lease
- AHB-owned units funded under CALF
- AHB Mortgage to Rent (MTR)

Schemes underpinned by a P&A Agreement



## 5. Analysis of findings

ESA 2010 Paragraph 20.15 outlines indicators of control which should be considered in assessing control by government –

- a. Appointment of Officers
- b. Other provisions of the enabling instrument
- c. Contractual agreements
- d. Degree of financing
- e. Risk exposure



# Control of a Non-Profit Institution

- a. Appointment of Officers
  - No evidence of government control or influence – appointment of officers is solely a matter for AHB
  
- b. Other provisions of the enabling instrument
  - no government influence seen in the governing documentation e.g. Memo and Articles of Association
  - AHBs control own rules of membership and are solely responsible for the appointment of key personnel



# Control of a Non-Profit Institution

- c. Contractual agreements
- Mortgage type arrangements via CAS and CLSS, P&A agreements under CALF (more recently).
  - Local authority can nominate 75% or more of tenants – depending on scheme
  - Government guidance on rent setting – some more prescriptive than others
    - At minimum – income of tenant a consideration, LA has right of consultation on rent setting.
  - Government guidance on design and construction (CAS and CLSS)
  - Continuation Agreement makes the local authority party to the lending agreement between the AHB and the third party funder for CALF.
  - Control via these agreements has been assessed as lying, on balance, with government.



## Control of a Non-Profit Institution

- d. Degree of financing
- Up to end 2015 – review of financial statements and regulatory returns indicates over 99% of capital financing from government for AHBs reviewed to date. Majority financing by government clearly exists. Conditions attached to funding then need to be considered – as per above on contractual agreements.
- e. Risk exposure of government
- Risk exposure can be seen to exist as government is meeting its obligations to persons assessed as entitled to social housing via the AHBs. Also revenue guarantee in P&A underpins borrowing in CALF.



# Classification decision

- 16 of existing 18 Tier 3 bodies in scope of current review
- CSO Decision:
  - 14 bodies whose predominant activity is housing – reclassify to local government sub-sector
  - 1 not predominantly involved in housing – classification unchanged but housing activity re-routed to local government
  - 1 mixed service provision with housing integrated with other services – requires further review
- CSO decision now with Eurostat





# Next Steps

- CSO review now with Eurostat
- Assessment of remaining AHBs to commence in 2018