

## 8 Oversight of the Housing Assistance Payment (HAP)

- 8.1** The Housing Assistance Payment (HAP) scheme supports households who have a long-term housing need that they are unable to meet without assistance.<sup>1</sup> The main objective of the HAP scheme is to facilitate the movement of long-term recipients of the Department of Social Protection's rent supplement (RS) to a more appropriate and unified housing support.
- 8.2** The scheme is funded by the Department of Housing, Local Government and Heritage (the Department) and operated by the local authorities in their capacity as individual housing authorities.
- 8.3** HAP was first launched in three local authorities in September 2014.<sup>2,3</sup> HAP operated in 28 local authorities in 2016, and was rolled out to the final three local authorities in March 2017. In 2020, the Department spent almost €465 million on HAP supporting nearly 60,000 tenants — an average annual cost of €7,800 per tenancy supported.
- 8.4** Government departments are required to demonstrate that they have used funding provided by the Oireachtas in the manner intended and to good effect. This examination was undertaken to assess the Department's oversight arrangements in relation to HAP, with a particular focus on governance structures, the controls in place, monitoring of the scheme's effectiveness and the cost of delivery.
- 8.5** Review of cost for the purpose of this examination focuses on the period 2018 – 2020 because 2018 was the first full year of operation of the scheme on a national basis.

1 The legal basis for HAP is set out in Part 4 of the Housing (Miscellaneous Provisions) Act 2014. An overview of the HAP process is outlined in Annex 8A Figure 8A.1.

2 Cork County Council, Limerick City and County Council and Waterford City and County Council.

3 In parallel, the Dublin Regional Homeless Executive (DRHE) began coordinating an adapted Homeless HAP (HHAP) scheme for homeless households in the Dublin region in December 2014. The aim of HHAP is to move eligible households out of emergency accommodation, including hotels, and into private rented tenancies.

4 HAP SSC fulfils its role as a national financial transactional and reporting centre for the HAP scheme through managing all related rental transactions for tenants, landlords and local authorities.

### HAP governance structures

- 8.6** The key elements of the governance and oversight arrangements are presented at Annex 8B and can be summarised as follows.
- The Department oversees the scheme through a HAP Oversight Group that provides strategic direction for the scheme and reports to the Minister for Housing, Local Government and Heritage (the Minister). The Oversight Group is supported by a HAP Project Board that ensures that deliverables are identified and plans and timescales are developed and monitored.
  - The scheme is administrated by local authorities and coordinated through the Limerick City and County Council (LCCC).
  - In 2016, following a formal appraisal process, LCCC won the contract to manage HAP on behalf of all 31 local authorities across the State and the Dublin Regional Homeless Executive (DRHE). LCCC manages HAP through the Housing Assistance Payments Shared Services Centre (HAP SSC), which functions as a directorate within the Council.<sup>4</sup> A HAP Governance Group, chaired by the Chief Executive of LCCC, oversees the HAP SCC operations.

- 8.7** The HAP Oversight Group met six times in 2015. However, meetings have been considerably less frequent in recent years — the Group met only once or twice a year between 2018 and 2020. The Department has stated that as the scheme matured, less frequent oversight was required. It stated that the Oversight Group and the HAP Project Board met during alternate quarters, thereby maintaining the strategic direction of the scheme.
- 8.8** Attendance at the Oversight Group meetings has also been variable. On average, half of all members attended the meetings held between 2018 and 2020.<sup>1</sup> Neither of the two co-chairs — the Secretaries General of the Department of Housing, Local Government and Heritage and the Department of Social Protection — have attended a meeting of the Group since October 2018. The Department stated that while neither Secretary General attended subsequent meetings, both Departments were represented and that the role of chair was delegated to the Department of Housing, Local Government and Heritage Assistant Secretary with responsibility for HAP.<sup>2</sup>
- 8.9** The arrangements between individual local authorities and HAP SSC (through the LCCC) are set out in a standardised memorandum of understanding (MoU). While the format of the MoU should be subject to periodic review by the HAP Project Board, no such review has been undertaken.
- 8.10** The relationship between HAP SSC and the Department is set out in a memorandum of agreement (the agreement), signed in October 2019. The agreement outlines the roles and responsibilities of the HAP SSC and of the Department, and sets out the compliance and monitoring arrangements. However, the agreement does not quantify the Department's financial contribution to the SSC nor does it include specific detail on inputs or performance targets for HAP.
- 8.11** The Department is responsible for facilitating regular reviews of the agreement but a review scheduled to take place by September 2020 was put on hold pending finalisation of a review of HAP's governance structure by the Housing Agency.<sup>3</sup>

<sup>1</sup> Oversight Group membership varied between nine and 11 members over the period.








<sup>2</sup> The examination found that the Department of Social Protection was represented by attendees rather than members of the Oversight Group.

<sup>3</sup> The review was finalised in April 2021 and made a number of recommendations regarding the streamlining of the current HAP governance structure. The Department has stated that the Oversight Group has not yet adopted the report but will, following formal adoption, commence the implementation of the recommendations contained therein.

## Control over HAP

- 8.12** Given the cost of the HAP scheme, the effectiveness of the scheme controls is important. An assessment of the key controls is set out in Figure 8.1.

Figure 8.1 Assessment of key scheme controls for HAP

Area	Key control	Assessment of operation of control	Overall assessment
Risk assessment and management	<p>Risk register maintained by HAP SSC.</p> <p>Reviewed quarterly by HAP Governance Group and annually by Audit Committee of LCCC.</p> <p>Controls to mitigate risks embedded in HAP SSC's quality management system.</p>	<p>Risk register includes major risks.</p> <p>Risk register is reviewed regularly.</p> <p>Administrative checks and procedures are embedded in HAP SSC's quality management system.</p>	
Take-on controls	A series of eligibility checks carried out by local authorities and HAP SSC (see Annex 8A, Figure 8A.2).	Department places reliance on a signed declaration from HAP SSC in relation to eligibility. No spot checks conducted to validate operation of checks.	
Controls over payments	<p>Maximum monthly rent limits framework sets out the rents that may be paid to landlords for different household classifications in each local authority area.</p> <p>Rents paid are not in excess of directed limits.</p>	<p>Current maximum rent limits framework in place since 2017.</p> <p>No review has been scheduled.</p> <p>The Department monitors the average monthly landlord payments and the rates of discretion granted by local authorities to ensure that capped rents (including discretions) are not exceeded.</p>	
	Tenants are obliged to inform their local authority of any change in circumstances, such as an increase in income.	Tenants are not reassessed for eligibility for social housing support if their income increases. Instead, their differential rent will be increased in line with the local authority's differential rent scheme. If there is a break in support they may then be reassessed for social housing.	
	<p>Tenant contributions due are paid for the periods subvented.</p> <p>The Debt Management Policy (DMP) provides for the issuing of debt notification/reminder letters on a weekly basis (every Thursday) based on specific timeframes and debt levels.</p>	Since 2016, tenant rent collection has remained high and bad debts have remained low. The HAP SSC has contributed to this by providing a clear structure for managing any tenant arrears that develop, through the DMP.	
	Estimation of the level of suspected fraud and error occurring.	Information on error and fraud relating to the HAP SSC scheme is not routinely collected or published.	
ICT and data security	<p>OGCIO provides 'failover' support for HAP SSC's CMR database.<sup>a,b</sup></p> <p>HAP SSC has processes in place to report data breaches.</p> <p>Data protection issues and security are monitored by the Oversight Group.</p>	<p>An independent review of HAP SSC's IT environment was completed in 2017.</p> <p>Information provided by the Department shows that as at June 2021, 44% of recommendations were completed, 47% were in progress and 9% were either not adopted or not actioned.</p>	


Source: Analysis by the Office of the Comptroller and Auditor General


Notes:


a The Office of the Government Chief Information Officer (OGCIO) has the leadership role for the digital agenda across Government.

b Failover is a backup operational model in which the functions of a system component are assumed by a secondary component when the primary component becomes unavailable — either through failure or scheduled down time. HAP SSC's failover system has been tested.

Key:

 Adequate key control in place.

 Opportunity for improvement.

 No key controls in place.

- 8.13** There are opportunities to enhance the control environment. For example, the scale of the HAP scheme lends itself to the adoption of certain measures used by the Department of Social Protection, such as a regime of formal control reviews and control surveys to detect the incidence of official error, applicant error and suspected fraud in payments.
- 8.14** The Department could also develop an overall anti-fraud policy for HAP which incorporates the operations of HAP SSC and local authorities, and which aligns with current good practice in this area.

### **Monitoring the effectiveness and performance of HAP**

- 8.15** The Department's strategic goal in relation to the HAP scheme, as set out in the *Rebuilding Ireland Action Plan (2016 – 2021)*, was to create a unified housing support for those with a long-term housing need that they are unable to meet without assistance.<sup>1</sup> A number of other related objectives were also adopted in relation to the HAP scheme, which included
- consolidating publicly-funded housing support under the local authorities in their capacity as the statutory housing authorities
  - improving the effectiveness of regulation in the private rental sector
  - providing flexible housing support
  - removing potential 'poverty trap' barriers to employment
  - pioneering wider modernising reforms in the social housing sector including deducting rent at source
  - delivering housing support economically.
- 8.16** Specific measures or targets in regard to the provision of flexible social housing support, removing potential 'poverty trap' barriers to employment and pioneering wider modernising reform in the social housing sector including deducting rent at source were not adopted.

### **Consolidating housing support under the local authorities**

- 8.17** In 2016, some 48,041 individuals were in receipt of rent supplement (RS), of which 36,666 were classified as long-term recipients (greater than 18 months). The Department aimed to transfer all RS recipients with a long-term housing need to HAP by 2020. At the end of 2020, there were 19,304 tenancies under the RS scheme, of which 11,438 were classified as long-term recipients.<sup>2</sup> The Department stated that transfers of RS recipients to HAP were generally halted in 2020 (and 2021) due to the Covid-19 pandemic, and that local authority resources were focused on maintaining existing tenancies and the set-up of new tenancies. The Department expects an increase in RS transfers in 2022.

### **Improving regulation in the private rental sector**

- 8.18** Inspections of proposed HAP tenancy accommodation are statutorily required to be undertaken (or arranged) by local authorities within prescribed periods as part of a wider inspections regime under section 41 of the Housing (Miscellaneous Provisions) Act 2014 (2014 Act). Each local authority has responsibility for ensuring compliance with the relevant requirements.

<sup>1</sup> The Department's strategy document *Housing for All*, covering the period to 2030, was published in September 2021.

<sup>2</sup> Some RS recipients are transferred to the rental accommodation scheme (RAS) introduced in 2004.

- 8.19** Inspections of HAP accommodation must be arranged within eight months of HAP tenancy commencement dates, or have been carried out within twelve months prior to the commencement date.<sup>1</sup>
- 8.20** Challenges exist at local authority level to deliver on the overall inspections mandate. HAP inspections accounted for over half of all private rental inspections carried out in 2019 and 2020.<sup>2,3</sup> HAP inspections carried out in 2019 totalled 23,424 while 12,031 onsite HAP inspections were carried out in 2020.
- 8.21** The Covid-19 outbreak has severely hampered the inspection of HAP properties. Inspections considered urgent were prioritised. The Department issued guidance to local authorities which set out that inspections should continue to be arranged and, in urgent cases, carried out. The Department has also encouraged local authorities to consider virtual inspections, and has committed to providing funding to facilitate this. In 2020, 991 virtual inspections of HAP tenancies (of a total of 1,388 virtual inspections) were carried out.
- 8.22** The Department has stated that the HAP SSC included a module on its tenancy management system to enable local authorities to record the results of inspections of HAP tenancy properties.<sup>4</sup> However, many authorities reported challenges in maintaining two separate datasets, and indicated a preference to continue using their own ICT systems to record the results of all inspections of private tenancy properties.
- 8.23** The scheme has an objective to improve regulation of the private tenancy sector. The Department noted that this objective is achieved through the legal requirements for local authorities to inspect HAP properties and that annual data on the level of overall inspections which include HAP tenancy inspections carried out by each local authority is published on its website.
- 8.24** The Department has stated that it has committed to working with local authorities to enable an analysis of the results of HAP inspections to be carried out, and that a HAP inspection minimum data requirement list has been developed to facilitate this analysis. The Department has also signalled to all local authorities the urgent need for historic data to be uploaded to the HAP SSC module.

<sup>1</sup> The timelines for HAP inspections are set out in SI No. 407 of 2014 Housing Assistance Payment Regulations 2014.

<sup>2</sup> HAP inspections accounted for 58% and 51% respectively, of overall inspections undertaken in 2019 and 2020.

<sup>3</sup> *The Strategy for the Rental Sector 2016* includes a key action to increase inspections coverage and compliance through specific ring-fenced funding and annual inspection targets. The objective is to increase inspection numbers incrementally each year with the aim of achieving an annual rate of inspection of 25% of private rental accommodation by 2021.

<sup>4</sup> The SUGAR CRM is the software platform used by HAP SSC and local authorities to manage all HAP related rental transactions for the tenant, local authority and landlord.

- 8.25** Currently, the Department does not report on HAP inspections as a key metric. The Department has stated that 738 (2.5%) of the 29,584 HAP exits/closures to end March 2021 were recorded as being due to poor property standards. It stated that it is the statutory responsibility of the local authorities to ensure that they carry out the inspections and any necessary follow-up, and that local authorities are very diligently pursuing inspections, particularly HAP inspections.

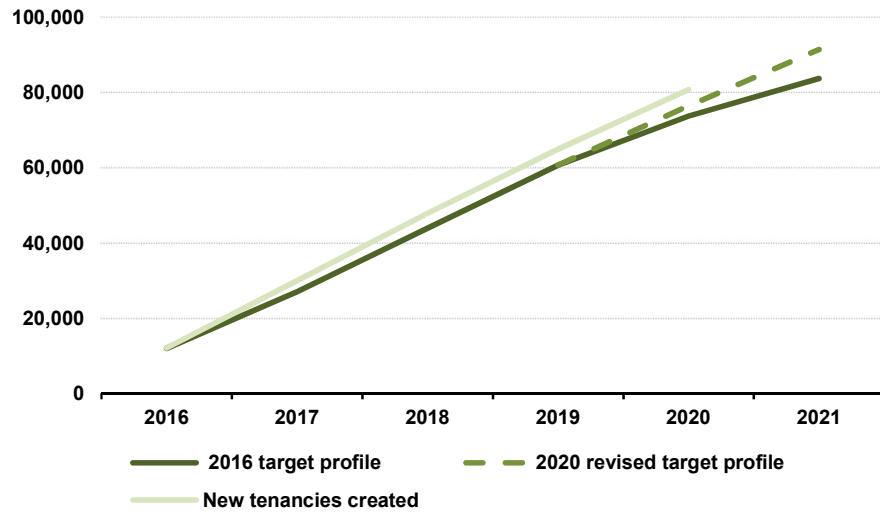
### *Delivering housing support economically*

- 8.26** The Department concluded that in order to deliver its objectives in relation to HAP, it would need to secure a total of 84,000 additional HAP tenancies over the six years between 2016 and 2021. The cumulative target was subsequently revised upwards, to a total of 91,510 new tenancies by end 2021.

### *New tenancies created*

- 8.27** Achieving the original target implied an annual average of 14,000 new tenancies each year. The number of new HAP tenancies created has consistently been marginally ahead of that level (see Figure 8.2).

**Figure 8.2 Target and actual HAP tenancies created, 2016 to 2020<sup>a</sup>**



Source: Department of Housing, Local Government and Heritage

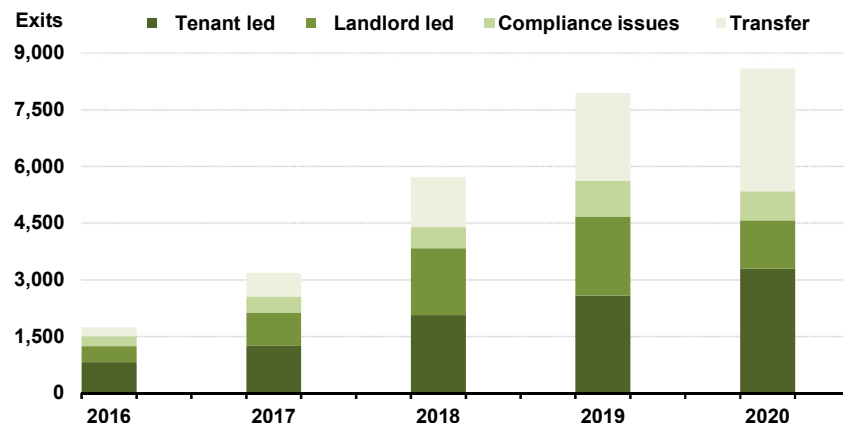
Note: a The overall target set in 2016 was to support the securing of nearly 84,000 new tenancies by the end of 2021. This target was revised to provide 86,510 new tenancies by the end of 2019 and 91,510 by the end of 2021.

*Scheme exits*

**8.28** HAP tenancies end for a variety of reasons, including because a tenant decides to move out of the rented property, the landlord serves notice to the tenant to vacate the property, or because the supported household is offered a different form of social housing support, more suited to their needs. A total of 27,161 tenancies were exited in the period 2016 to 2020.<sup>1</sup>

**8.29** More than a quarter (28%) of tenants exiting HAP between 2016 and 2020 transferred directly into other forms of social housing. This rate has been increasing over the life of the HAP scheme, up from 14% of scheme exits in 2016 to 38% in 2020 (see Figure 8.3).

**Figure 8.3 Exits from HAP tenancies, 2016 to 2020**



Source: HAP SSC quarterly report for Q4 2020

<sup>1</sup> The Department forecasts exits from the HAP scheme based on weekly and quarterly reports from HAP SSC. The quarterly reports outline the number of active and closed HAP tenancies, the self-reported reasons for exiting HAP and provide a breakdown of the tenancies that have exited the HAP scheme.

1 Households currently in a HAP tenancy are regarded as households whose housing need is being met. Consequently, they are not counted on housing waiting lists.

2 The Department noted that households on waiting lists that qualify for HAP may not wish to avail of it.

3 SI No 243/2012 European Union (Energy Performance of Buildings 2012) sets out that a building energy rating certificate is required (unless otherwise exempt) whenever a building (including a dwelling) is offered for sale or letting. A key objective of the *Housing for All* strategy is to implement minimum BER standards, where feasible, for private rental properties, commencing in 2025.

4 Department of Public Expenditure and Reform, *Current and capital expenditure on social housing delivery mechanisms*, 2018.

5 Chapter 11 'Measuring performance for Exchequer spending on social housing' of the *Report on the Accounts of the Public Services 2019* recommended that the Department re-examine the output indicators used for its overall housing programme in the *Revised Estimates Volume* to ensure that the numbers of targets set in relation to different subheads reflect the relative levels of expenditure. The report is available at [www.audit.gov.ie](http://www.audit.gov.ie)

**8.30** Around 37% of all exits from HAP since the commencement of the scheme are categorised as 'tenant led'. HAP SSC records 'voluntary exit' or 'tenant gave notice' as the reason in almost 79% of the exits in this category.

**8.31** In the absence of further detail, it is not possible to determine the underlying reasons giving rise to tenant led exits or whether some of these have resulted in a new tenancy arrangement being entered into with another landlord.

### *Performance monitoring of scheme*

**8.32** Well-designed objectives and performance indicators are critical to the effective implementation of Government programmes, as well as to demonstrate effectiveness. The key targets set for the HAP scheme focus on the number of new tenancies created and do not facilitate an evaluation of the percentage of those requiring supports that are actually receiving them.

**8.33** The Department has stated that it monitors numbers on local authority housing waiting lists and that the annual *Summary of Social Housing Assessments* publication collates information provided by local authorities on households that qualify for social housing support but whose social housing need is not currently being met.<sup>1</sup> The Department also stated that it is a matter for the local authorities to determine the most appropriate form of social housing support for each household.<sup>2</sup>

**8.34** The activity reports currently produced by HAP SSC are focused on internal processes, rather than desired HAP outcomes. Scope exists to expand the range of performance indicators and related targets available publicly, for example by developing indicators that seek to monitor the

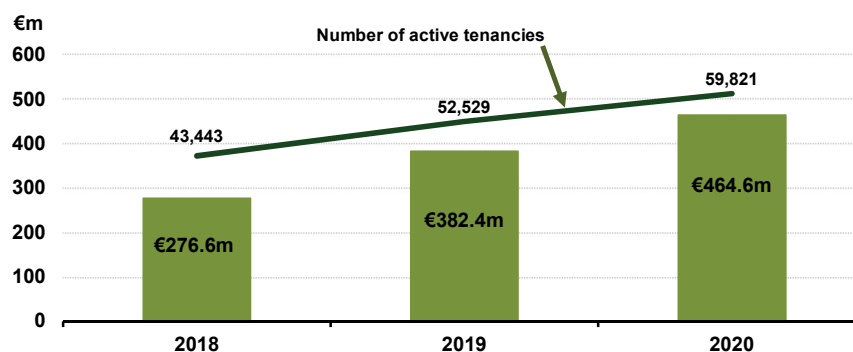
- average unit cost of a HAP tenancy nationally (and by local authority) by household classification
- percentage of exits into local authority or Approved Housing Body (AHB) managed social housing
- improvement in the quality standards of rental accommodation due to HAP, as measured by BER ratings (mandatory for most tenancies) or other relevant benchmark(s)<sup>3</sup>
- percentage of households most in need of support (perhaps the lowest three income deciles) accessing HAP, as suggested by DPER in its 2018 spending review.<sup>4</sup>

**8.35** The Department stated that consideration can be given to the publication of a number of the suggested indicators.<sup>5</sup>

## Trends in cost of HAP

**8.36** The overall cost of the HAP scheme is related to the number of households supported and the average rent support paid by the Exchequer. The expenditure incurred and the number of tenancies supported between 2018 and 2020 is set out in Figure 8.4.

**Figure 8.4 HAP expenditure and number of active tenancies, 2018 to 2020<sup>a,b</sup>**



Source: Department of Housing, Local Government and Heritage and HAP SSC. Analysis by the Office of the Comptroller and Auditor General.

Notes:

- a The Department's spending on HAP covers payments to landlords, certain administration and operational costs incurred by HAP SSC and other administrative costs. Expenditure is shown net of differential rent paid by tenants.
- b Expenditure incurred on HAP is offset by the collection of differential rents from tenants. The amount of differential rent paid is directly linked to the household income and the tenant's ability to pay — maximum net income limits apply (adjusted according to household size), with some variation across local authorities.

## HAP rental limits

**8.37** Under HAP legislation, limits for rental payments are based on the number of people in a household and an assessment of the local rental market. The current limits were set by ministerial order in 2017 (on a county by county basis) and have not been updated since.<sup>1</sup>

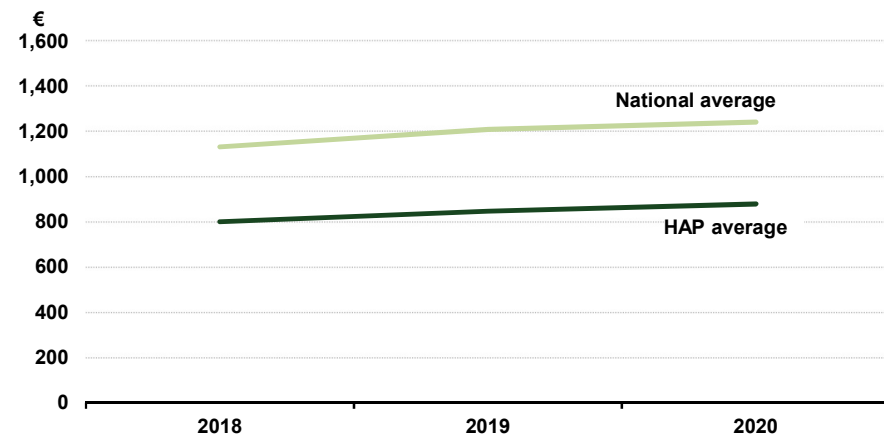
**8.38** Where the monthly rent agreed by the tenant with the landlord exceeds the statutory maximum rent limit payable by the local authority, there are two options.

- The rent payment supported through HAP may exceed the relevant statutory maximum rent limit at the discretion of the local authority based on local rental market conditions, by up to 20%, or up to 50% in the Dublin region for those households either in, or in immediate risk of homelessness.
- The tenant pays the difference directly to the landlord.

**8.39** The average monthly HAP payment increased from €801 per month in 2018 to €880 per month in 2020 — an increase of 9.9%. This was similar to the average rental price increase in the private rental market generally (see Figure 8.5). The largest increases over the period occurred in the local authority areas of Galway, Monaghan and Clare County Councils.

**8.40** There has been a steady increase in the number of households receiving support, increasing from just over 43,000 tenancies in 2018 to just under 60,000 in 2020.

<sup>1</sup> The maximum monthly rent limits for each local authority are set out in SI No. 56 of 2017 Housing Assistance Payment (Amendment) Regulations 2017.

**Figure 8.5 Average monthly rent payment, 2018 to 2020**

Source: Residential Tenancies Board (RTB) *Rent Index Report* Q4 2020 and HAP SSC report Q4 2020

1 Department of Public Expenditure and Reform, *Trend Analysis: Housing Assistance Payment (2014 – 2019)*, published October 2019.

2 The Department stated that the *Programme for Government* commits to ensuring that HAP levels are adequate to support vulnerable households, while the supply of social housing is increased. *Housing for All* also commits to analysing the need to amend the level of discretion available to local authorities under the scheme, in response to the trend in the increased use of discretions.

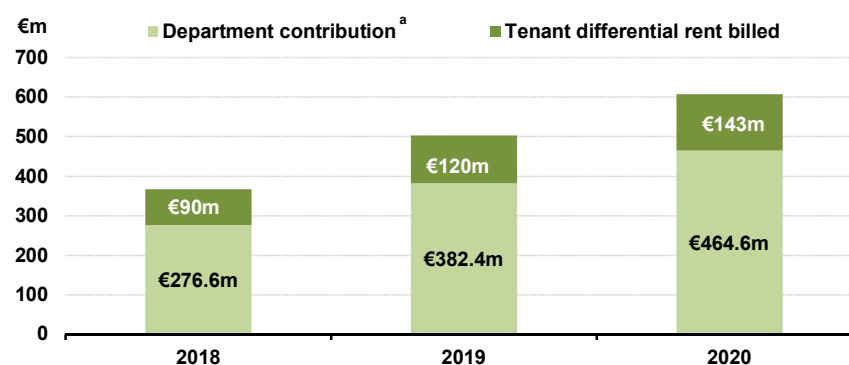
3 HAP documentation relates to the completed application form provided by the tenant to the local authority at the outset of the tenancy together with the required supporting documentation.

- 8.41** The Department noted that it closely monitors the level of discretion being used by local authorities, taking into account other sources of data, including the Residential Tenancies Board (RTB) quarterly rent data publications.
- 8.42** The use of discretions granted by local authorities has increased from 33% of tenancies in 2018 to 50% of tenancies by December 2020. However, the additional support provided does not necessarily include the full amount allowable under the guidance. The impact of the exercise of discretion on overall scheme expenditure is not significant, accounting for just 1.3% of total HAP scheme expenditure in 2020.
- 8.43** Some tenants make ‘top up’ payments to cover the balance between the HAP rent limit (including discretion, if applicable) and the market rent they are required to pay to secure suitable accommodation. Analysis by the Department of Public Expenditure and Reform suggests that around 28% of HAP recipients were making additional ‘top up’ payments to landlords in the first half of 2019.<sup>1</sup>
- 8.44** The Department considers that the current maximum rent limits, together with the additional flexibility available to local authorities, are generally sufficient to support the effective operation of the HAP scheme.<sup>2</sup>
- 8.45** While HAP documentation captures information in respect of the rent amount at the outset of a tenancy, the collection of data in relation to the number of households making a ‘top up’ payment to their landlord does not form part of the standard reporting process to the Department.<sup>3</sup>

### Impact of differential rent

- 8.46** The net cost of HAP to the State is affected by the value of contributions from the tenants — termed differential rents. The tenants' contribution to the cost of the scheme has fallen slightly from 25% in 2018 to 24% in 2020 as shown in Figure 8.6.

**Figure 8.6 Cost of HAP, 2018 to 2020**



Source: Department of Housing, Local Government and Heritage and HAP SSC.

Note a The Department's contribution includes operational and administration expenses.

### Collection rates

- 8.47** The Department has stated that HAP quarterly reports on differential rent show collection rates of 96% – 99% pre Covid-19.
- 8.48** Controls are in place to ensure that the Department (through the local authorities) collects the differential rent owed by tenants. If a tenant is not able to repay the outstanding balance, the Department ultimately bears the cost. The evidence is that local authorities have been relatively effective in recovering these amounts.
- 8.49** By the end of 2020, 9.7% of active tenants were in arrears in respect of their differential rents, compared to 3.8% at the end of 2019 — under HAP SSC's debt management process, tenants are considered to be in arrears when they owe three or more weeks of rent. The Department noted that the increase is primarily due to the impact of Covid-19.
- 8.50** At the end of 2020, arrears totalling €2.1 million were owed by 5,826 HAP tenants. Of these, one fifth had entered into repayment plans. From the inception of the scheme to the end of 2020, 1,376 tenancies have been terminated because of non-payment of differential rent (5.1% of all exits). Where the debt remains outstanding for more than six months after the tenancy has ceased, it is written off. Bad debts account for less than 0.1% of total scheme expenditure.
- 8.51** The scheme aims to deliver housing support economically. While information on the cost of HAP, the average payment to landlords and the average differential rent paid by tenants is readily available, there is a lack of information on the value for money offered by the scheme.

## Conclusions and recommendations

- 8.52** The HAP scheme has grown in the relatively short period since its establishment to the position where it represents a major element in the State's system of support for households dealing with difficulties in meeting their accommodation needs with the resources otherwise available to them.

### *HAP governance structures*

- 8.53** The oversight and management of HAP is complicated by the number of parties involved. The examination identified a number of opportunities for improvements in the governance arrangements.

#### **Recommendation 8.1**

The Department should review the current oversight and management arrangements in place to ensure that they are 'fit for purpose' and reflect good practice. This review should include

- a review of the terms of reference for the HAP Oversight Group so that the output of the Group is more clearly defined
- introducing a control to ensure that the effectiveness of the arrangements in place between HAP SSC and the local authorities, and HAP SSC and the Department, are reviewed on a regular basis; and
- updating the agreement in place between HAP SSC and the Department to include more specific inputs and outputs.

#### **Accounting Officer's response**

Agreed.

In 2020, the Department instigated a review of the current governance structures of HAP, with the assistance of the Housing Agency. An external consultant examined the existing structures and has submitted a final draft of the review report. The Oversight Group met on 7 September 2021 to formally adopt the report and to begin implementing a revised governance structure for HAP. Once adopted, implementation of the recommendations will address the matters raised above.

### **Control over HAP**

- 8.54** There is a well-established control framework in place in relation to risk management, the collection of tenants' rent contributions and data management. There is scope for the administration of the scheme to be improved, including in respect of controls at take-on of claims, reviews of claims in payment and estimation of the incidence of suspected fraud and error (if any) affecting the scheme.

**Recommendation 8.2**

The Department should develop an anti-fraud policy for HAP and implement a process of formal departmental control reviews and surveys to identify the incidence of error and suspected fraud in payments.

**Accounting Officer's response**

Agreed.

The management of the local authorities are responsible for the design, implementation and maintenance of an internal control system to prevent and detect errors and suspected fraud. In addition, the Local Government Audit Service audit of HAP SSC selects a number of HAP payments, to test for eligibility and to check that the rent calculation was correct.

The Leasing, HAP and RAS Unit within the Department also began to examine the feasibility of carrying out checks in local authorities earlier in 2021, to ensure a greater level of oversight of HAP expenditure. This process will be prioritised in 2021, in response to this recommendation. The Department will, as suggested, consider the adoption of certain measures used by the Department of Social Protection, such as a regime of formal control reviews and control surveys to detect the incidence of official error, applicant error and suspected fraud in payments. The Department will also consider the development of an anti-fraud policy for the scheme.

***Monitoring the effectiveness of HAP***

- 8.55** HAP aims to cater for households with a long-term housing need in a unified system of support. However, while targets are set for the creation of new tenancies, the Department does not use information available to report on how many households are identified as being in need of support and how many are actually receiving that support. This hinders evaluation of the effectiveness of the scheme.
- 8.56** The number of active tenancies at end 2020 represents around 70% of overall tenancies set up under HAP since its inception in 2014. By 2020, more than one third of exits from HAP tenancies were related to transfers to other forms of social housing.
- 8.57** Under the HAP scheme, inspections are required to be carried out or arranged on all HAP accommodation within specified timelines. The Department does not have information on the proportion of proposed HAP tenancies actually inspected by local authorities or on the results of those inspections.

**Recommendation 8.3**

Given the level of Exchequer spending on HAP, the Department should ensure that it has sufficient appropriate information in relation to the quality of rental properties availed of for the scheme. This will require the development of a comprehensive framework for capturing and reporting on the quality of HAP accommodation.

### Accounting Officer's response

Agreed.

This is an aspect of the scheme that the Department recognises is lagging, despite the detailed data collected on all other aspects of the HAP scheme.

Discussions have taken place in relation to improving the data set available to the Department and we will continue to work to resolve the issues that prevent sufficient appropriate information being readily available in relation to the quality of rental properties within the scheme.

- 8.58** Information published by the Department, while useful, is limited in facilitating an assessment of the effectiveness of the scheme. Only two specific key high level HAP metrics are published as part of the Department's revised estimates.

### Recommendation 8.4

The Department should consider expanding the range of performance information routinely published to increase transparency around the scheme.

### Accounting Officer's response

Agreed.

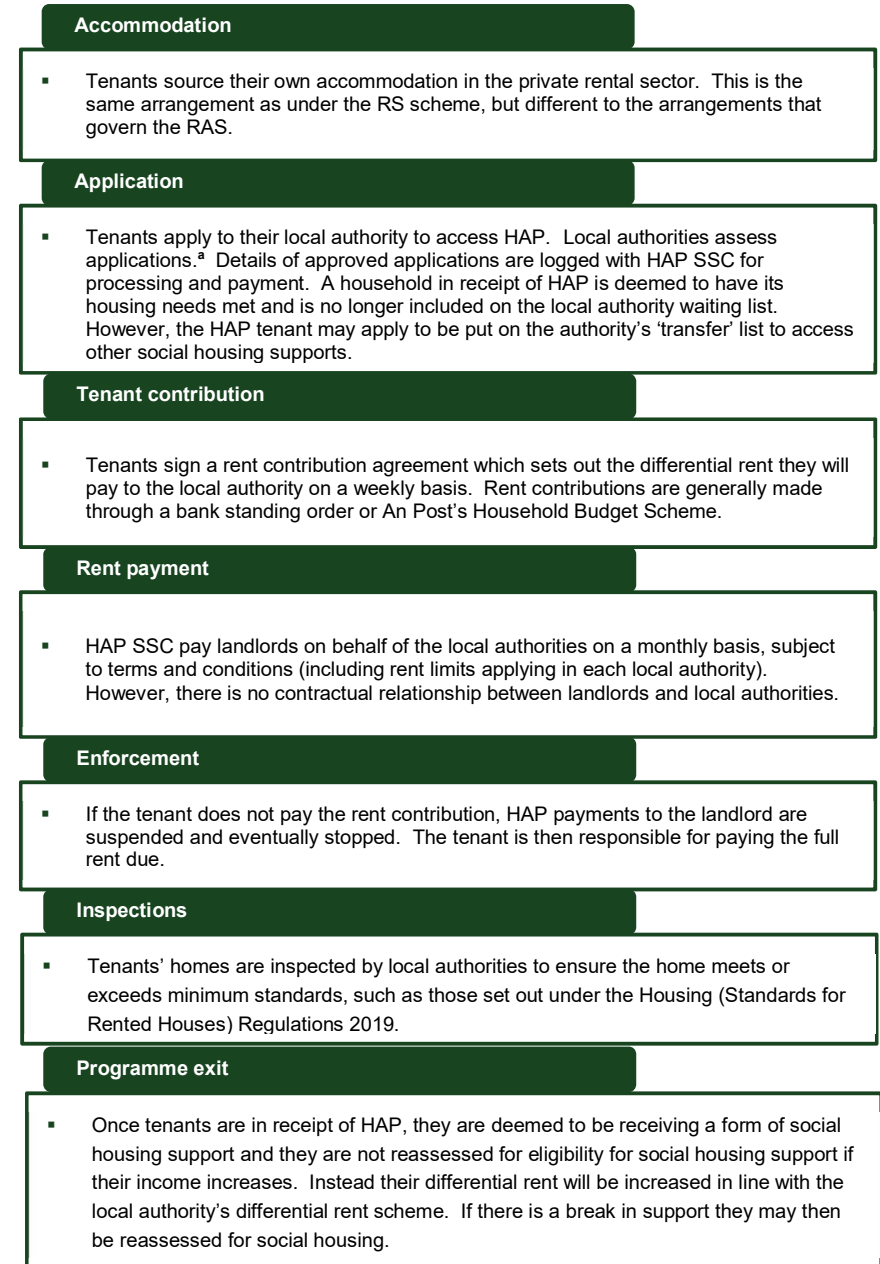
Following the publication of the new housing plan, *Housing for All*, consideration is being given by my Department to the publication of appropriate performance information and this recommendation will be considered in that context.

### Cost of HAP

- 8.59** Just under 60,000 households were receiving support under the HAP scheme at end 2020.
- 8.60** The cost of HAP to the Exchequer — almost €465 million in 2020 — is net of contributions collected from tenants — referred to as differential rent. Notwithstanding increasing market rental costs, the maximum rents payable under HAP have not been revised since 2017. The average monthly HAP payment to landlords has increased by around 10% between 2018 and 2020.
- 8.61** Some tenants also make additional 'top up' payments to cover any difference between the rent payable to the landlord and the maximum rent payable by the State. A review by the Department of Public Expenditure and Reform found that around 28% of HAP tenants were making 'top up' payments to landlords in the first half of 2019. There is no up to date data available on the extent of these payments and they are not routinely tracked by the Department.

## Annex 8A

**Figure 8A.1 Overview of HAP process**



Source: HAP guidance published by the Housing Agency. Analysis by the Office of the Comptroller and Auditor General.

Note: a To qualify for HAP, a household must be qualified for social housing support by its local authority and be placed on a housing list. The social housing assessment will take into consideration a number of factors, including household income, previous rent arrears, the suitability of current accommodation, mortgage sustainability (if applicable) and whether the household is in receipt of rent supplement.

**Figure 8A.2 Controls relating to HAP****Local authority controls**

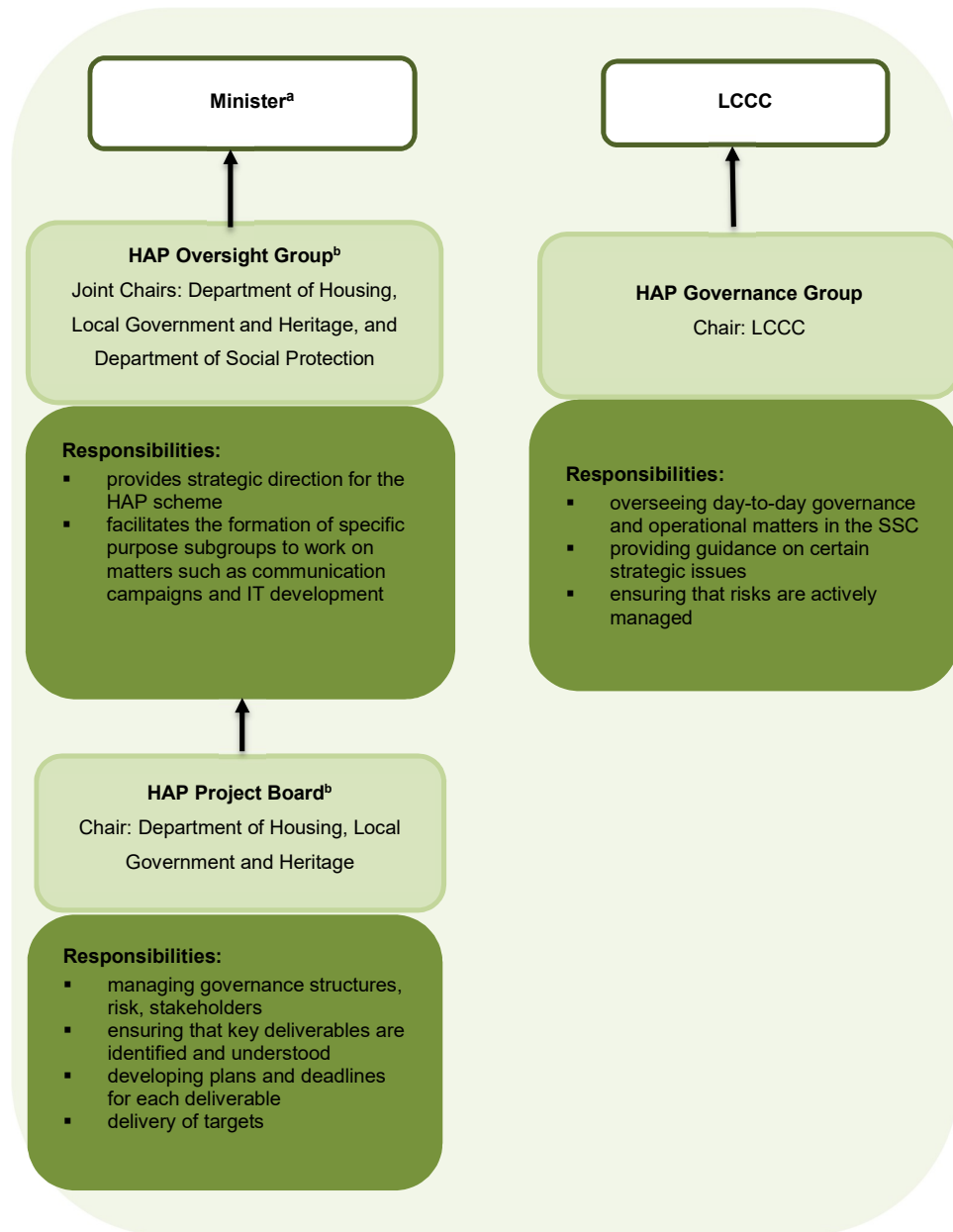
- Various 'take-on' checks are completed by the local authorities. These tests include confirming that:
  - the tenant is eligible for HAP, with reference to the social housing list or social housing needs assessment
  - the rent payment to the landlord falls within the permitted limits (including discretion, if applicable)
  - the differential rent calculation has been completed and is correct
  - the tenant has been taken off the housing waiting list and entered onto the transfer list
  - all appropriate documentation is complete, on file and has been signed, including application form and rent contribution agreement.

**HAP SSC controls**

- HAP SSC's Quality Management System (QMS) involves several tests to mitigate the risk of fraud and error. These tests include checking that:
  - the Personal Public Service Numbers (PPSNs) of tenant and landlord are correct, using DSP and Revenue systems respectively
  - the proof of property ownership is up to date and valid
  - the landlord is tax compliant
  - the tenant is not in receipt of rent supplement, using DSP systems
  - the rate of landlord payment is correct
  - bank details and contact details have been supplied
  - all relevant documentation is on file.
- The SSC is also subject to internal audit, and review by LCCC's HAP Governance Group and LCCC's audit committee.

Source: Department of Housing, Local Government and Heritage and HAP SSC. Analysis by the Office of the Comptroller and Auditor General.

### Annex 8B HAP governance and oversight arrangements as at 31 December 2020



Source: Memorandum of Agreement. Analysis by the Office of the Comptroller and Auditor General.

- Notes:
- a The Department communicates with the local authorities about HAP through circulars and guidelines.
  - b The Oversight Group and Project Board include representatives from the Department of Social Protection, Department of Public Expenditure and Reform, Local Government Management Agency, local authorities and the Housing Agency.