

Accreditation and Effective Management of Capital Reserves



Social Housing
Services Corporation

Accreditation

While housing providers have sometimes desired less control from their Service Manager, it is also true that those who are least efficient and effective are the ones that require the most “hands-on” approaches. Accreditation would be the first step in effectively measuring the ability of a housing provider to manage their own affairs with minimal interference or monitoring from their Service Manager.

The purpose of any such accreditation process would not be as a punitive tool; rather it is to encourage fiscal responsibility and foster a sense of independence for the more sophisticated and well-run provider organizations, while developing a protocol of sound property management for the weaker providers.

In order to create a strong and legitimate accreditation process, the current process of operational reviews could be applied and used in conjunction in order to streamline the processes. Operational reviews are conducted by Service Managers of their housing providers every three to five years; it is also recommended that this now be performed in conjunction with updated assessments of the building conditions and the capital reserve balances.

In order to move towards this end-point, the operational reviews can be evolved in a more formal accreditation or rating framework, whereby Service Managers review their providers and assign a particular assessment to them. Having assessed their ability to manage their budget and or capital plan, the Service Manager can thereafter adopt a more “hands-off” approach for “accredited” providers (with respect to capital planning and capital draw-downs for repairs, within the financial plan framework) and adopt a more “hands-on” approach, including approving or vetting all capital funding requests, for the weaker performing providers.

The accreditation process is envisioned to be fairly rigorous and therefore will require that further research into the issue be conducted to determine the potential impact, benefits and cost of such a system, and whether a universal, province wide system that encouraged equal, transparent processes across the province and the sector would be feasible, given regional and local variations.