

Briefing Paper

The Scottish Housing Regulator

July 2008

The Scottish Housing Regulator (SHR) regulates all of Scotland's social housing including registered social landlords and the landlord and homelessness services of local authorities. Their overall purpose is to regulate to:

- Protect the interests of current and future tenants, and other service users;
- Ensure the continuing provision of good quality social housing in terms of decent homes, good services, value for money and financial viability; and
- Maintain the confidence of funders.

They are an executive agency of the Scottish Government. They exercise independently the regulatory powers of Scottish Ministers in the Housing (Scotland) Act 2001.

The Chief Executive, Karen Watt, is directly accountable to Scottish Ministers for the agency's work and the proper and effective use of resources. They publish what they plan to do in the future in their corporate plan. Every year they publish their annual report and accounts and lay it before the Scottish Parliament. Scottish Ministers are accountable to the Scottish Parliament for the functions of the Scottish Housing Regulator.

The documents that set up the Scottish Housing Regulator as an agency include: The Executive Agency Framework Document that sets out the purpose and responsibilities of the Scottish Housing Regulator as established by Scottish Ministers; The Ministerial Code of Practice that sets out Scottish Ministers' expectations about the way the agency will exercise the regulatory powers in the Housing (Scotland) Act 2001; and the corporate plan sets out the agency's purpose and what their objectives will be for the next two years.

The corporate plan for 2008/10 will be agreed with Scottish Ministers. It will set out their purpose as a regulator and what their objectives will be for the next two years. They will report on what they have achieved in their annual report.

The Executive Agency Framework Document sets out the purpose and responsibilities of the Scottish Housing Regulator as established by Scottish Ministers. It also sets out the management and resources framework for the agency. The Scottish Ministers are fully accountable to the Scottish Parliament for the activities of the agency and the standards of its work. In turn the chief executive of the agency can exercise regulatory judgement objectively and without political interference, while remaining answerable to Ministers for the agency's operation and performance.

The Ministerial Code of Practice sets out Scottish Ministers' expectations about the way the Scottish Housing Regulator will exercise the regulatory powers in the Housing (Scotland) Act 2001. Ministers expect these powers to be exercised at arm's length, in a fair and impartial way, free from inappropriate influence.

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The agency's Regulation Board assists the Chief Executive to manage and direct the organisation. It is made up of senior officers from the agency and non-executive board members appointed by the chief executive to bring an independent, external perspective to the work of the agency. The Regulation Board meets at least four times a year. The agency publishes the minutes of the Regulation Board meetings on their website.

They consult and collaborate with the people and organisations that have a key stake in their work. They have two advisory groups – the Regulation Advisory Group (RAG) and the Tenants' Regulation Advisory Group (TRAG), that meet four times a year. These groups enable tenants, landlords' representative organisations, and others with an interest in regulation and inspection, to make an active contribution to what the agency does.

The Regulation Advisory Group brings together senior members of stakeholder organisation to influence the regulation and inspection framework as it evolves. The group acts as a sounding board for the Regulation Board. Representation on the group includes:

- The Scottish Federation of Housing Associations (SFHA);
- Convention of Scottish Local Authorities (COSLA);
- Council of Mortgage Lenders (CML);
- The Chartered Institute of Housing (CIH);
- Audit Scotland;
- Scottish Government Housing and Regeneration directorate; and
- Tenants from the Tenants' Regulation Advisory Group.

The Tenants Regulation Advisory Group (TRAG) was formed following a tenants' seminar organised by the regulator. It currently has around twenty members from both Registered Social Landlords (Registered Social Landlords) and local authorities. The group aims to:

- Ensure we ask the questions that are important to tenants;
- Ensure we are influenced by and represent tenants' views;
- Improve the quality of social housing through influencing the regulation process; and
- Provide input into, and influence the decision of the regulation advisory group (RAG) and the Regulation Board.

As a public body the Scottish Housing Regulator has a statutory responsibility to promote equality of opportunity in all their activities. They aim to develop an organisational culture that makes their work responsive to the communities they serve and values the diversity in their workforce.

The Agency has developed their equality strategy and action plan in line with the Scottish Government's published equality strategy. In that Scottish Ministers have set out their vision of:

“An open, just and inclusive Scotland where respect and understanding are fostered and where everyone is encouraged and enabled to live, work and take part in society to their full potential, free from prejudice and discrimination.”

The Agency has set out a Service Charter that includes what standards of service people can expect from them and what they can do if you want to complain about them or about a registered social landlord. They are committed to providing high standards of service in all areas of their work. They will publish their performance against these standards every year. They welcome public feedback on the services that they provide.

The Agency employs around seventy people, based in Glasgow. The agency has four branches, each with a Head of Branch or Executive Manager who, collectively, oversee the main operational and development needs of the business. There are therefore five members of the Executive Management Team:

Karen Watt is Chief Executive. She is the senior executive and accountable officer, responsible for managing and directing the organisation to fulfil its purpose and meet its objectives. She is supported by a Regulation Board, which includes the Executive Management Team and three Non-Executive Board Members.

Michael Cameron is Head of Inspection. He is responsible for delivering an efficient and effective inspection service. His teams inspect registered social landlords and the landlord and homeless services of local authorities to provide assurance and act as a catalyst for improvement. They conduct individual and thematic inspections, and publish their findings. The inspection teams are supported by tenant assessors.

The Head of Business Analysis is responsible for collecting, analysing and publishing financial, performance and statistical information. The Business Analysis teams focus on the financial viability and efficiency of social landlords, monitoring physical quality standards and trends in key performance indicators. They co-ordinate the assessment of the level of engagement needed with individual regulated bodies.

Christine Macleod is Head of Support and Intervention. She Christine is responsible for support and advice to regulated organisations in meeting the Regulator's requirements, and, where necessary, to take enforcement action to ensure compliance. Her teams deal with day-to-day enquiries on guidance, statutory consents, and notifiable events. They manage the regulatory engagement with organisations where the Agency is using their statutory powers of intervention.

Iain Muirhead is Head of Policy and Corporate Services. He is responsible for developing the regulation policy and liaising with the core Scottish government on broader housing, homelessness and scrutiny policy. He also makes sure they run efficiently and effectively as an organisation.

Tenant assessors are volunteers from all over Scotland who have been trained to take part in inspections. They bring a range of skills and experience and, most importantly, a tenant's perspective to the inspection of a landlord's service. They are unpaid and only receive the cost of their expenses.

The Scottish Housing Regulator registers and regulates independent social landlords and also inspects the housing and homeless services provided by local authorities.

One in four households in Scotland rents a house from a registered social landlord or local authority that they regulate and inspect.

The Agency aims to use the combined tools of inspection, public reporting, information and analysis, financial scrutiny and, where appropriate, direct intervention, to protect the interests of current and future tenants, and other service users.

They drive improvements in landlords' efficiency and performance, and help to ensure that registered social landlords continue to attract private finance at competitive rates to build and improve affordable homes.

Their approach to regulating landlords is guided by a set of policies that they keep under review and is underpinned by a commitment to promoting equalities.

They consult key stakeholders about proposed changes to policy.

They publish performance standards jointly agreed with the Confederation of Scottish Local Authorities and the Scottish Federation of Housing Associations that they expect landlords and service providers to meet. These provide a framework for the regulator to assess performance and for landlords to self-assess their own performance.

To help regulated bodies meet Performance Standards, manage for improvement and comply with their expectations they publish good practice and signpost to other good practice publications. For example, their health and safety gateway provides access to a wide range of information.

They publish guidance for landlords that sets out their regulatory expectations.

Performance Standards lie at the heart of the regulatory framework. They are a common set of standards for both Registered Social Landlords and local authorities and let all social housing tenants know what they can expect from their landlord.

The Standards provide a framework for both the regulator to assess performance and for landlords to self-assess their own performance. Local authorities and Registered Social Landlords can access comprehensive guidance and good practice about each Performance Standard to use in self-assessment and in the development and continuous improvement of their services.

They also provide self-assessment material based on the Performance standards.

They publish their regulatory requirements and expectations in their guidance notes. All the regulatory guidance issued by Communities Scotland is still valid and carries forward to the Scottish Housing Regulator. Please note that all of the guidance notes issued by Communities Scotland have been renumbered.

They maintain a Public Register of Social Landlords. Registered Social Landlords are independent housing organisations registered with Communities Scotland, and now with The Scottish Housing Regulator, under the Housing (Scotland) Act 2001. These include a variety of housing associations and co-operatives, Abbeyfield societies and co-ownership societies. They do not maintain a register of local authorities.

The public register provides up to date information on Registered Social Landlords including their:

- Legal status;
- Associated organisations;
- Rules (or memorandum and articles);
- Registered address;
- Contact details;
- Allocation policies;
- Annual accounts;
- Performance profile; and
- Local authority areas in which they operate.

You can search the register by:

- A-Z facility for the name of an Registered Social Landlord;
- Registered Social Landlord registration number;
- Registered Social Landlord type or classification;
 - Abbeyfield Societies
 - Co-ownership
 - Mainstream
 - Management Only
 - Small
- Local authority area - This facility will show you a list of the Registered Social Landlords active in that area, together with an indication of the amount of housing stock owned in that area.

Registered Social Landlords are required to keep all information held on the Register up to date. They can update their address and contact details on-line.

The Agency's regulatory activities include:

- Collecting financial and performance information about individual registered social landlords, and the sector as whole;
- Considering applications for consent for changes to a registered social landlord's constitution, disposals of land or property, or to amalgamate or dissolve the organisation;
- Checking compliance with restrictions on payments and benefits.

They issue guidance about each of these requirements so it is clear what they expect registered social landlords to do. Registered social landlords need to be fully aware of these requirements, and comply with them all.

They also inspect registered social landlords and the landlord and homelessness services of local authorities to provide an independent external assessment of the effectiveness of housing service delivery and make recommendations to help landlords improve.

Where necessary to protect the interests of tenants, they may need to use statutory powers to intervene in a registered social landlord.

As a regulator they require Registered Social Landlords to provide certain standard information on a regular basis each year. This includes:

- The Annual Performance and Statistical Return (APSR), that collects
 - contextual statistical data such as information about stock owned; and
 - information against particular performance indicators.
- Annual accounts and Auditor's management letter
- Loan Portfolio information, which outlines data about an organisation's private lending profile
- Five Year Financial Projections, from which we derive particular forward financial ratios and form a view about the future financial viability of each Registered Social Landlord;

They monitor progress towards the Scottish Housing Quality Standard for Registered Social Landlords (via APSR) and Local Authorities (via Annual Returns).

In addition to these routine returns, they also have information that they gather through:

- Audits of improvement plans or other follow-up inspection work
- Inspection
- Thematic work
- Complaints and Whistle blowing
- Notifiable Events

They report much of their analysis of this information in its own right: It is also used in combination to inform regulatory engagement.

The timetable for submitting returns is as follows:

Return	Opening date	Closing date
• Annual Performance and Statistical Return (APSR)	1st April	1st June
• Annual accounts	September	October
• Loan Portfolio information	Mid August	End September
• Five Year Financial Projections	Mid April	End June

Under the Housing (Scotland) Act 2001 Registered Social Landlords require the consent of the Scottish Housing Regulator to:

- Change their constitution
- Dispose of their properties (by granting security to a lender or selling)
- Transfer their engagements to another Registered Social Landlord.

They publish guidance on our requirements for each of these consents.

They inspect registered social landlords and the landlord and homelessness services of local authorities under powers set out in the Housing (Scotland) Act 2001. Their purpose is to provide an independent external assessment of the effectiveness of housing service delivery and make recommendations to help landlords improve.

The Scottish Housing Regulator's Guide to Inspection sets out how they carry out their inspections of Registered Social Landlords and the landlord and homelessness services of local authorities.

At the start of every inspection they ask the inspected organisation to provide them with information on it and how it is performing. Organisations provide this information by giving a completed inspection submission.

Following inspection, they expect all organisations to respond effectively to their recommendations using their own improvement planning processes. They ask organisations that receive fair or poor assessments to prepare an improvement plan.

They provide further information on inspection in a series of leaflets for:

- Tenants and Service Users
- Staff of Social Landlords
- Councillors
- Governing Body Members

The inspection work is supported by tenant assessors.

They publish their findings from each inspection in a public report.

Information on which organisations will be inspected during the year is published in the inspection programme.

The Housing (Scotland) Act 2001 gives the Scottish Housing Regulator powers to step in or intervene in a registered social landlord where they need to protect the interests of tenants, service users, investors or other stakeholders.

They can intervene by appointing a manager, a governing body member, a special inquirer or an auditor. They do not use these powers lightly or routinely.

They explain in their Intervention Strategy when they would step in and how they would manage any intervention. Generally their approach is to encourage registered social landlords to tackle any problem themselves. If a registered social landlord is neither able nor willing to do that then they may feel it is necessary to step in.

They always provide details of any intervention in their annual report.

Registered Social Landlords are responsible for identifying and managing risks to their own businesses.

When the Scottish Housing Regulator talks about risk, they mean the risk to their overall regulatory purpose and objectives. Risk-based regulation allows them to prioritise their activities and their use of resources to assess the risks that regulated bodies pose to their objectives and to plan how to address these risks in engaging with Registered Social Landlords.

The Scottish Housing Regulator considers that the main risks to their purpose are likely to arise from the poor performance or failure of a Registered Social Landlord in terms of financial health, stock quality, investment, governance, and service quality.

Their risk-based approach to regulation is based on regulated bodies providing the right sort of assurance to them mainly through standard, annual information returns.

When they have assessed risks to their purpose, they decide what their response should be and what level of engagement they need to have with an organisation: high, medium or low.

Their regulatory response is based on the level of assurance that they need. Where they need greater assurance, they may specify additional information requirements.

The Scottish Housing Regulator issues Regulatory Plans to Registered Social Landlords. They publish a list of Registered Social Landlords, categorised according to their plans for engaging with them. They have published a Guide To How We Regulate. This approach reflects the lessons learned from the 2007 pilot project to produce regulatory statements.

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