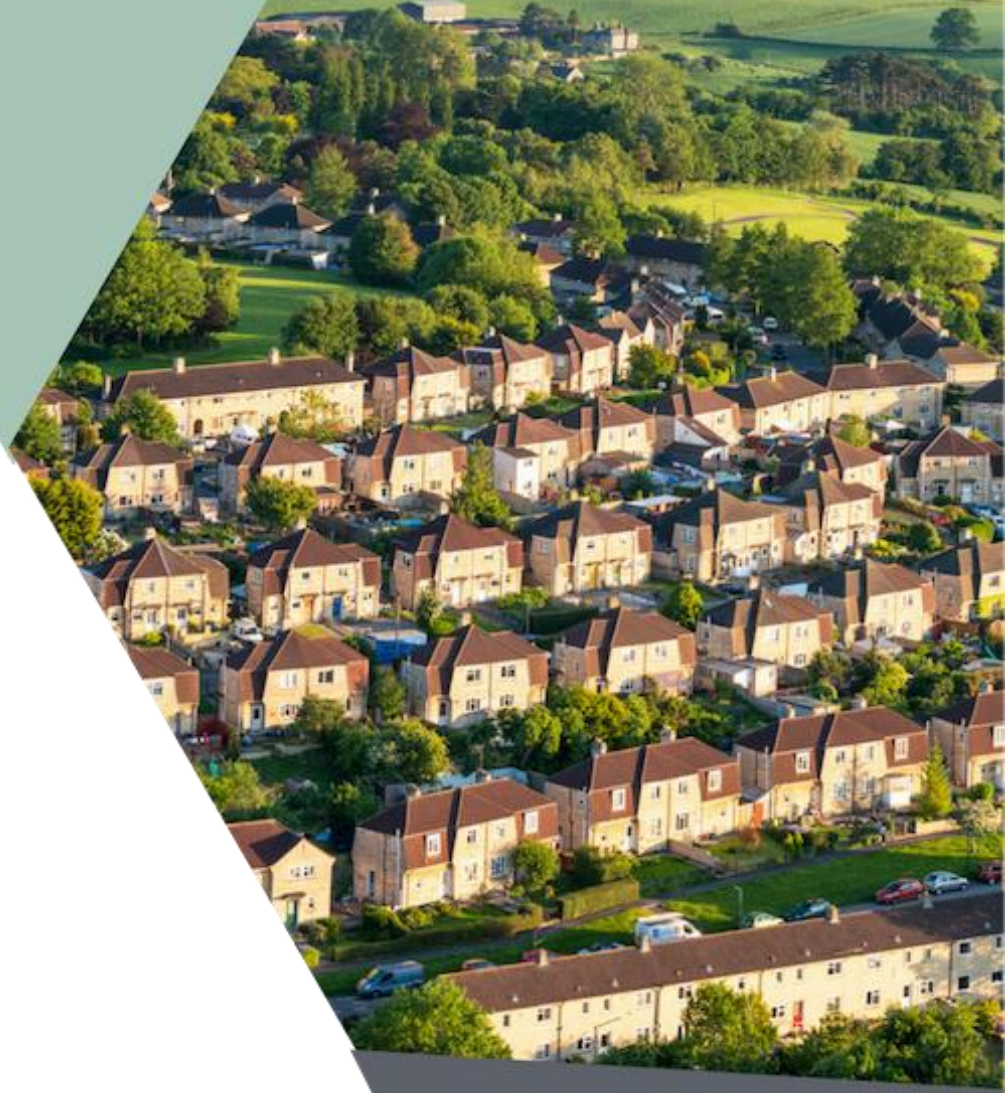




Scottish Housing
Regulator

Annual Performance

Report & Accounts
2018/19



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1. Introduction

About us

We are the independent Regulator of social landlords in Scotland.

We protect & promote the interests of: We regulate:

Around:

600,000

Tenants who live in homes provided by social landlords

Over:

125,000

Home owners who receive services of social landlords

Over:

45,000

People and their families who may be homeless and seek help from local authorities

Around:

2,000

Gypsy/Travellers who can use official sites provided by social landlords

190 Social landlords

158 Registered social landlords

32 Local authorities

Our role

To monitor, assess and report on social landlords' performance of housing activities and RSLs' financial wellbeing and standards of governance. We intervene, where we need to, to protect the interests of tenants and service users.

Our Regulatory Framework explains how we regulate social landlords. It is available at www.scottishhousingregulator.gov.uk

Contribution to the national outcomes

As an effective regulator, we contributed to the Scottish Government's National Outcomes on:

- > Tackling inequalities
- > Well-designed, sustainable places
- > High quality continually improving efficient and responsive public services
- > Longer, healthier lives
- > Improved life chances for children, young people, and families at risk
- > Strong, resilient and supportive communities.

 The Scottish Government
Riaghaltas na h-Alba



Who we are

Our Board



George Walker
Chair

July 2017 to June 2021



Anne Jarvie
Deputy Chair

March 2013 to March 2020*



Andrew Watson
Member

July 2017 to June 2021



Mike Dailly
Member

March 2013 to February 2021*



Lisa Peebles
Audit & Risk
Assurance
Committee Chair

April 2011 to March 2019*



Simon Little
Member

April 2011 to March 2019*



Bob Gil
Member

July 2017 to June 2021



Siobhan White
Member

July 2017 to June 2021

*Final Term

Management Team

Michael Cameron
Chief Executive

Ian Brennan
Director of Regulation

Iain Muirhead
Director of Digital &
Business Support

Helen Shaw
Assistant Director of Regulation

Margaret Sharkey
Assistant Director of Regulation

Shaun Keenan
Assistant Director of Regulation

Kathleen McInulty
Assistant Director of Regulation

Shazia Razzaq
Assistant Director of Regulation

Robert Laley
Business Intelligence Manager

Christine Macleod, Director of
Regulation, retired in August 2018.

Scottish Ministers recruited three
new Board members during
2018/19. We supported this
recruitment programme by
promoting this opportunity
widely.

What we do

Main activities

Our objective

To safeguard and promote the interests of tenants, people who may be homeless, and those who use social housing services provided by social landlords, including Gypsy/Travellers.

Our vision

Successful social landlords delivering good outcomes for tenants and others.

Our corporate plan

In our **Corporate Plan 2015-18** we set out the priorities that flow from our objective and vision, they are:

- RSLs and local authorities delivering good services;
- financially healthy RSLs; and
- well governed RSLs.

What we will do

- ✓ Empower tenants and service users to hold their landlord to account.
- ✓ Be a catalyst for landlords to improve their services, governance, and financial health.
- ✓ Identify and raise awareness of risks to the interests of tenants and other service users.
- ✓ Act to protect the interests of tenants and other service users, quickly and decisively when necessary.
- ✓ Help to maintain lender, investor, and public funder confidence in social housing.

Welcome



George Walker

Chair

We are delighted to report that tenant satisfaction with their landlords is at 90% and overall performance against the Scottish Social Housing Charter is up. This is a tribute to the hard work put in by all those who work and volunteer in social housing.

Landlords and tenants continue to access competitive borrowing rates. This is important for investment in homes and services in Scotland.

Our work on housing people who are homeless in Glasgow highlighted important lessons for all Scottish social landlords. We will be contributing to delivering the Scottish Government's homelessness action plan. We also focused on site standards for Gypsy/Travellers during the year and this will continue to be a priority for us.

We used our statutory powers to intervene in three RSLs. We are grateful to sector colleagues who volunteered to become co-opted governing body members. Their skills have been key in protecting tenants and turning organisations around.

A major task for us during the year was reviewing our Regulatory Framework. We are very grateful to all the people and organisations who got involved. Their ideas and views were invaluable, and helped us to shape the new Framework which went live in April.



Michael Cameron

Chief Executive

The aim of the new Framework is to support landlords to deliver excellent services and good quality, safe and affordable homes for tenants, people who are homeless, Gypsy/Travellers and factored owners.

We will work closely with landlords and other stakeholders as we all embed the new Framework in 2019/20. Self-assurance to support strong governance is a key theme, and we look forward to working with the sector to develop a toolkit aimed at governing body and committee members to help them get the assurance they need.

We also look forward to delivering our new Corporate Plan for 2019-22 and to welcoming our three new Board members:

- Ewan Fraser
- Colin Stewart
- Helen Trouten Torres

We would like to thank and wish Board members Lisa Peebles and Simon Little well as they step down on 31 March 2019. We would also like to thank all our Board members, our staff team and all the tenants and service users and stakeholders who have worked with us during the year.

George Walker

Michael Cameron



2. Overview

Our work, performance and achievements

Empowering tenants & service users

We involved tenants and our service users.

We:

- > Hosted ten events with TIS & TPAS from Lerwick to Moffat to consult on our Regulatory Framework.
- > Published our fifth report on work with our 400+ National Panel of Tenants and Service Users.
- > Engaged with the Registered Tenant Organisations Regional Network and met quarterly with our RTO liaison group.
- > Involved our Tenant advisors in thematic work when they examined emergency contact and access to homeless service information.
- > Engaged with tenants we met while speaking and exhibiting at the TIS & TPAS conferences.
- > Engaged and liaised closely with Scottish Ministers, tenants and their representatives, homeless people and bodies that represent them, recipients of housing services, social landlords, and their representatives and lenders and investors in social housing.

Scottish Social Housing Charter

We monitored and reported on Scottish Social Housing Charter progress.

Landlords have maintained a strong performance across the majority of the Charter outcomes.

We:

- > Collected data to monitor progress towards the 16 Charter standards and outcomes.
- > Published our national analysis of progress against the Charter in August.
- > Published Landlord reports for local authorities and RSLs, all of the Charter data for others to use and updated our online comparison tool –this was viewed over 29,207 times.

We examined compliance levels and engaged with local authorities and RSLs on Scottish Government's minimum standards for Gypsy/Traveller sites.



9/10

Tenants satisfied with the homes & services their landlord provides



All Charter standards and outcomes were maintained or improved

Engagement with local authorities & RSLs

We had a higher level of scrutiny with 4 LAs



Dumfries and Galloway Council



Glasgow City Council



East Dunbartonshire Council



Shetland Islands Council

In 2018/19 we had high engagement with the following RSLs



Antonine



Wishaw & District



Arklet



Dalmuir Park



Ferguslie Park



Kincardine



Ruchazie



Fairfield



Thistle

Wheatley Housing Group

We had high engagement with Wheatley because it is the largest RSL and the largest developer of homes.

Use of statutory powers

We continued to use our powers to intervene in:

- > Ruchazie
- > Wishaw & District
- > Arklet

We took new intervention action in:

- > Thistle
- > Fairfield
- > Dalmuir Park

We concluded intervention in:

- > Kincardine
- > Antonine
- > Ferguslie Park
- > Dalmuir Park

We published a lessons learned report on intervention work and used this to inform our new Regulatory Framework.

An appeal panel upheld our decision to intervene in Thistle Housing Association.

We found weak governance lay at the root of the problems in most RSLs we intervened in.

Financial Health & borrowing

The increase in the funds available to RSLs in 2017/18 is the

highest in
10 years.



Nearly **half** of all new finance was from capital markets.



Whistleblowing

SHR is a prescribed person under whistleblowing legislation. During the year whistle-blowers contacted us 13 times. Read more about this work on page 20.

As a Scottish public body we:

- > Worked within our budget.
- > Complied with our public body duties and obligations including publishing a British Sign Language Plan.
- > Participated in the 3rd CivTech programme.
- > Developed our systems in preparation for legislative and Regulatory Framework changes.

Reviewing our Regulatory Framework

- > We reviewed our Regulatory Framework and associated guidance.
- > We received 100 responses to our consultation and used these and the many events, conferences and meetings with our stakeholders to inform our new Framework.
- > We published our new Framework and a suite of refreshed statutory guidance.

Through our new Framework, we are promoting assurance, openness and transparency. We pulled all our regulatory requirements into one place and started work with stakeholders to develop a toolkit to help self-assure compliance with our regulatory standards.

Managing Risk

We managed risks that could affect us delivering our objective and aligned our resources and Regulatory Framework review to mitigate risks. Risks to SHR are set out in the Governance Statement in our full report from page 32.

- > Risks to not achieving our statutory objective include adequacy of resources, stakeholder support, business failure, compliance and reputational damage.



3. Performance Analysis

1. RSLs and local authorities deliver good services
2. Well-governed and financially healthy RSLs
3. Effective regulator

RSLs and local authorities deliver good services



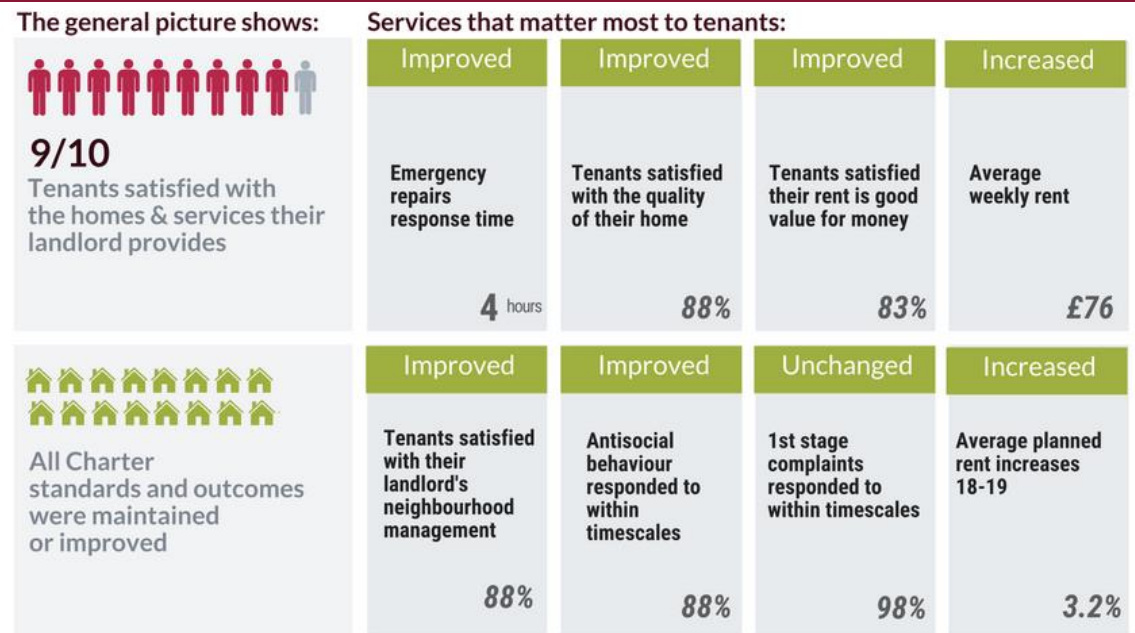
RSLs and local authorities continue to deliver and improve against the Scottish Social Housing Charter standards and outcomes

We published our national analysis alongside individual landlord reports and with our updated comparison tool.

“Overall, Scotland’s social landlords are continuing to perform well. They’ve maintained a strong performance across the majority of the Charter standards and outcomes. They continue to do well when it comes to the things tenants told us matter most to them. This good news is reflected in the high levels of tenant satisfaction which now sits at over 90%.”

George Walker
Chair

Landlords are maintaining a strong performance across the majority of the Charter standards and outcomes



The Charter indicators above show the overall national average & the change since last year.

We consulted on Charter indicators and in February 2019 published refreshed statutory and technical guidance.

Homes & rents

Homes available to rent

584,698  LAs ▼ 1,033
RSLs ▲ 2,271

Average planned rent increases



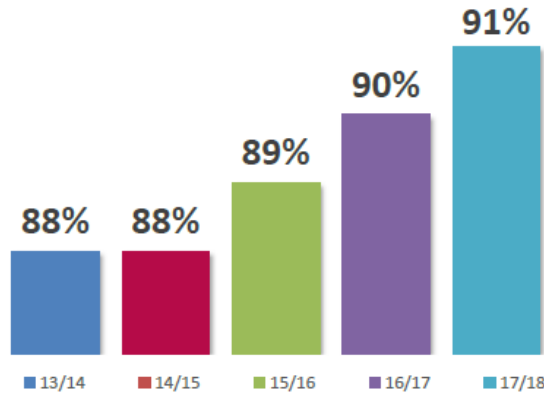
Average satisfaction with rent being good value for money improved to



83%

Improved from 82% in the previous year

Tenant Satisfaction



Overall tenant satisfaction improved to **91%**



LAs **83%** RSLs **92%**

Overall tenant satisfaction improved from 90% in the previous year

Quality of Homes

Percentage of homes compliant with EESSH improved to **80%**



Percentage of homes that meet the Scottish Housing Quality Standard remains at **94%**



Landlords have until 2020 to meet the first milestone of the Energy Efficiency Standard in Social Housing. Landlords reported 80% compliance – an improvement from 74% in the previous year.

Other Services

Average satisfaction with temporary or emergency accommodation **unchanged at 88%**



Average satisfaction amongst Gypsy/Travellers **improved to 80%**



Average satisfaction with factoring services **decreased to 66%**

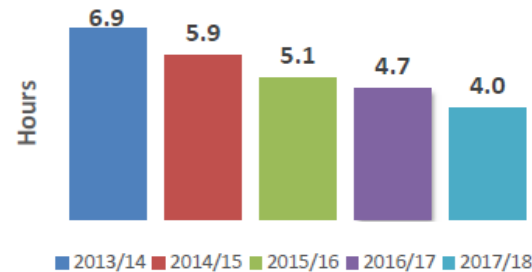
Satisfaction amongst Gypsy/Travellers increased from 79%.

Owner satisfaction decreased for the first time in three years from 68% .

Satisfaction levels for both are well behind those for others services provided by social landlords

Repairs & Maintenance responsiveness

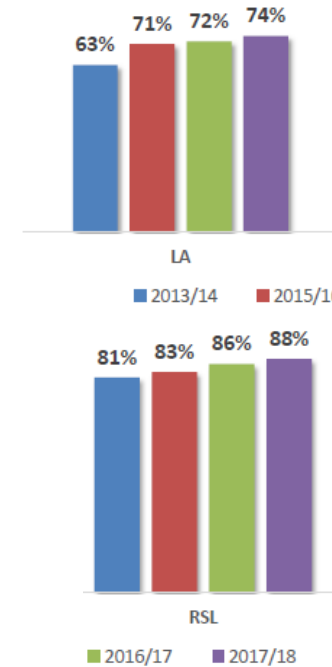
Average hours to complete emergency repairs



Non-emergency repairs completed right first time **remains at 92%**

Overall landlord performance in repairs and maintenance continues to improve from a strong position. Most landlords responded quickly to repairs.

Communication & Participation Satisfaction



Both LA and RSL tenants expressed higher satisfaction with communication & participation than last year.

Planned monitoring and scrutiny with local authorities

We had ongoing monitoring with 20 local authorities and scrutiny with 4 local authorities in 2018/19.

Scrutiny	4 local authorities	
On-going monitoring	16 local authorities	
No scrutiny	12 local authorities	

We had a higher level of scrutiny with:



Dumfries and Galloway Council



Glasgow City Council



East Dunbartonshire Council





Shetland Islands Council

“We will continue to have a strong focus on how local authorities deliver for people who are or may become homeless. This will be the main focus of our engagement with local authorities.”

Helen Shaw

Focus of our work with local authorities

Housing service quality	Homelessness
12 LAs	20 LAs
	

Note: We will engage with some local authorities for more than one reason.

“Our open and honest relationship with SHR resulted in us greatly improving our performance and approach, but most importantly it has had a really positive impact on our tenants and the communities we serve. We knew we wanted to improve and SHR helped us to do it!”

Katie Kelly
Depute Chief Executive – Safer Communities
East Ayrshire Council

Gypsy/Travellers site standards

Gypsy/Travellers have a fundamental right to live in safe and secure homes, in communities where their cultures and traditions are respected. In October 2018, we found 14 of the 27 Gypsy/Travellers sites provided by social landlords failed to meet the Scottish Government's minimum site standards. We engaged with these landlords.

What we found:

Over half of Gypsy/Traveller sites did not meet minimum site standards.



14/27 did not meet site standards by the deadline.

We engaged with all the landlords that did not meet the Scottish Government's target by June 2018.



Main reasons for failure

- > Energy efficiency
- > Safety and security
- > Ensuring residents have clear occupancy agreements

We required each landlord that will not meet the standards until next year to develop and give us a remedial plan by mid November 2018 setting out how they will achieve the minimum site standards.



Our thematic work: Emergency contact information

Our Tenant Assessors reviewed **36** landlords to find out how easy it is for tenants and service users to find emergency contact numbers for their landlords.

What our Tenant Advisors found

Most of the landlords our Tenant Advisors looked at made it easy for their tenants to find out how to contact them in an emergency. On six of the websites our tenant advisors couldn't find emergency contact numbers.

36 of the landlords tested had a website.



They could find emergency contact numbers on **30** websites.



22 had a link to emergency contact information on the homepage.



They found the information on **25** websites easy to understand.



187 out of 191

landlords have websites 

Tenant Advisors found additional useful information on some landlord websites:

13 explained what 'out of hours' means.

7 were clear that the emergency phoneline was free to use

16 gave clear examples of emergency repairs.

9 had dedicated phonelines for emergencies about gas or water supply.

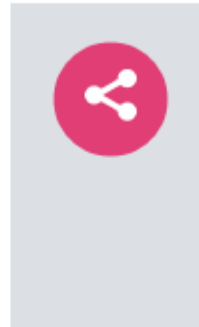
Our thematic work: Homelessness services information

What our tenant advisors found

Accessibility of information

Most councils provide easy to find, helpful information for people who are homeless or at risk of homelessness.

Some could do more to make information easier to find and improve the range of information available.



Councils make information available on the website through:

	Councils
a link on the home page	26
✓ Tenant Advisors said this was the easiest way.	
an A-Z list of council services	4
using the search facility	2



Most councils offered information in different languages and formats, but Tenant Advisors said it was not always easy to see what range of accessible information was available.

The Charter outcomes



- homeless people get prompt and easy access to help and advice; are provided with suitable, good quality temporary or emergency accommodation when this is needed; and are offered continuing support to help them get and keep the home they are entitled to.

Scottish Social Housing Charter, outcome 12



Working with tenants

We published our fifth report on the work of our National Panel of tenants and users of social landlord service users. Their work focussed on:

- > what makes a difference to people's journey through the homelessness system.
- > Tenant safety
- > rent affordability
- > landlord performance information; and
- > SHR reporting & communication

1. A full survey of 400 + Panel members
2. In-depth qualitative discussions
3. Engagement with users of homeless services

"We wanted to hear what is important to people experiencing these services. This feedback, along with our ongoing stakeholder discussions, will help inform our future approach and priorities."

Iain Muirhead
Director of Digital & Business Support

National Panel of Tenants & Service Users Key findings - Year 5 - Homelessness

Insight into people's experiences of homelessness services:

Importance of clear information on what to expect

Impact of previous experience using homelessness services

Challenges of adjusting to temporary accommodation

Value of practical and emotional support

Visit our website to find out more



www.scottishhousingregulator.gov.uk



We ran a recruitment drive for new panel members.



"We want to hear views from as many people as possible. So, I would encourage anyone who uses the services of social landlords to think about signing up.

Lisa Peebles
SHR Board member

We promoted the things tenants and service users told us matter most



Lisa Peebles
Audit & Risk
Assurance
Committee
Chair

"Many of our stakeholders stressed the importance of us continuing to promote a strong tenant voice and to support tenants with accessible and useful information about their landlords. We're looking at how we can get good information in useful formats to as many people that want it as possible."

Tenant Information Service national conference June 2018



Anne Jarvie
Deputy Chair

"We will increase the visibility of our equalities expectations on landlords, and we will set out clear expectations on landlords. Equalities will feature as a specific element of landlord self-assurance."

PATH 20th anniversary event
May 2018



George Walker
Chair

"Gypsy/Travellers have a fundamental right to live in safe and secure homes, in communities where their cultures and traditions are respected."

Providing safe and secure homes for
Gypsy/Travellers Holyrood Event
October 2018



Siobhan White
Member

"We think it's important that tenants should be able to see clearly how we are engaging with their landlord."

SHR Tenant consultation event, Stirling
November 2018

“
We will continue
to keep tenants
right at the heart
of all our work.
”

George Walker
Chair

TPAS Scotland Conference
November 2018



Andrew Watson
Member

"Tenant feedback including from complaints gives governing bodies and committees an important, objective view of how the landlord is really performing, particularly against the Charter."

SHR Tenant consultation event in Lerwick
November 2018

Well-governed and financially healthy RSLs

In 2018/19 we planned to engage with:

8 RSLs High engagement 

56 RSLs Medium engagement 

94 RSLs Low engagement 










 In response to engagement we published 17 Regulation Plans during the year and moved 5 RSLs to low engagement.

“We know that RSLs are continuing to deliver a strong financial performance but they are also facing several risks and challenges. So, this year, we’re engaging with more RSLs to seek assurance on their governance and financial health.

“Development also continues to be a key risk area for RSLs and we are again seeing an increase in both the number of RSLs who are developing and the number of homes they are planning to deliver.”

Helen Shaw
Assistant Director of Regulation

During the year, we used our statutory powers of intervention in the following RSLs (see page 23 for more details).

 Antonine  Wishaw & District
 Arklet  Dalmuir Park
 Ferguslie Park  Kincardine
 Ruchazie  Fairfield
 Thistle

We also had high engagement with DGHP, Langstane and Wheatley Housing Group.

Wheatley Housing Group 

We had high engagement with Wheatley because it is the largest RSL and the largest developer of homes.

Principal reasons for our engagement:



Under 1,000	7	19
Over 1,000	0	4
Over 1,500	30	4

“We have been working openly and constructively with the support of SHR the past 2 years. It has been a positive and challenging exercise embedding an ethos of strong strategic planning, strengthening our governance, board skills and financial management to end our medium engagement plan.”

Morag Cameron
Chair, Craigdale Housing Association

Well-governed and financially healthy landlords



Whistleblowing

SHR is a prescribed person under whistleblowing legislation.

We are interested in any conduct, which puts at risk the interests of tenants and service users or could threaten the viability or reputation of a regulated body, or the wider sector.

Many interventions started with information brought to us by whistle-blowers. Whistleblowing was often not viewed positively or constructively by these RSLs. This view can be an indicator of problems in the RSL's culture.

Through our new Framework, we have promoted the importance of a positive approach to whistleblowing. Landlords should make it clear to staff that organisations will take seriously any concerns raised by them and they will be supported to do the right thing.

Whistle-blowers can make a qualified disclosure to us and they can also tell us about other things, which relate to our statutory objective and duties. As a result of whistleblowing, we engaged with landlords and identified areas for improvement.

A qualifying whistleblowing disclosure is one where the information being disclosed falls under any of the headings below:

- > a criminal offence
- > a failure to comply with a legal obligation
- > a miscarriage of justice
- > the endangering of an individual's health and safety
- > damage to the environment
- > deliberate concealment of information tending to show any of the above.

During 2018/19 whistle-blowers contacted us 13 times, none of which were qualified disclosures.

We took no further action in four cases because the concerns had already been raised with us and we had obtained assurance from the landlords.

In one case, the whistle-blower raised concerns with the landlord directly after speaking with us and the landlord is carrying out an investigation.

We worked with the landlords to establish the facts in six cases:

- > We obtained assurance from two landlords and did not require any further action to be taken;
- > Two landlords commissioned independent investigations and we are engaging with them in relation to the findings;
- > We are engaging with two landlords around how they will take forward the concerns we have raised.

We are still making inquiries in two cases as at 31 March 2019 in order to establish whether we will take any further action.

Whistle-blowers can contact us by

Phone: 0141 242 5642

Email: shr@scottishhousingregulator.gsi.gov.uk

Post: Scottish Housing Regulator, Buchanan House,
58 Port Dundas Rd, Glasgow G4 0HF

Analysis of financial health & borrowing

RSLs' developments make a major contribution to the Scottish Government's commitment to

50,000 
affordable homes by 2021

including 35,000 in the social rented sector.

Nearly **half** of all new finance was from capital markets.



At 31 March 2018, the total amount of investment exceeded

£5 billion 
for the first time ever.

2 new entrants to the field of investors



HSBC
BlackRock

The world's largest fund manager.

The increase in the funds available to RSLs in 2017/18 is the **highest in 10 years.** 

“We know that well-performing, financially healthy RSLs attract funders and our regulation, together with their own due diligence, brings important assurance for lenders and investors. We will continue to work to provide assurance through regulation and to support landlords in building a strong culture of assurance in their own organisations.”

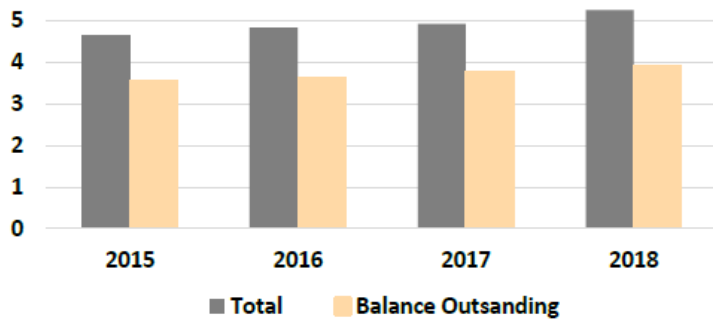
Shaun Keenan,
Assistant Director of Regulation

Analysis of the Annual Loan Portfolio Returns at 31 March 2018

“Based on our analysis of the financial statements for year ending 31 March 2018 we concluded that the sector’s financial performance remains strong. Turnover has increased faster than operating costs and interest cover has increased to its highest level since 2014/15. RSLs have invested more than £900m in acquisition and construction of property and this has taken outstanding borrowing to around £4bn. So careful financial management is required to ensure continued financial health.”

Ian Brennan
Director of Regulation

Facility Totals (£Bn)



Interest paid
£170 million

That's **14.7%**
of landlords'
income from rent

“Funders to Scottish RSLs take great comfort from the current approach of the Scottish Housing Regulator, which is risk-based and proportionate.

Funders are particularly interested in understanding the regulator’s view – its judgement.

On governance, it is challenging for funders to establish their own clear view of strength and quality of governance.

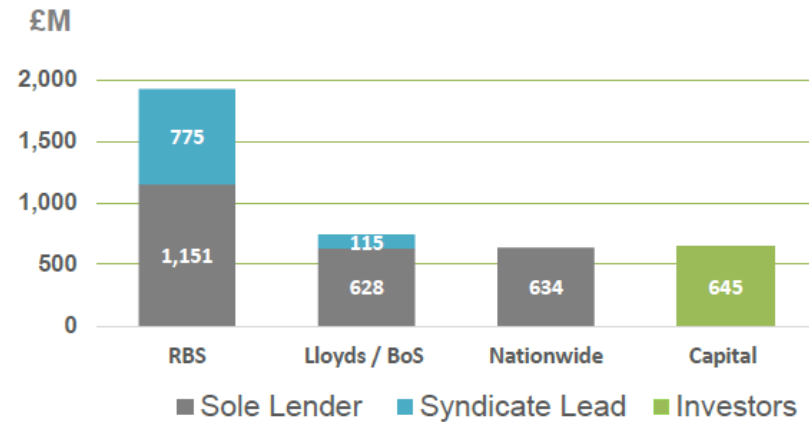
They (funders) are reliant on the regulator for an unambiguous opinion on governance”

UK Finance

(Extract from Regulatory Framework Consultation Response)

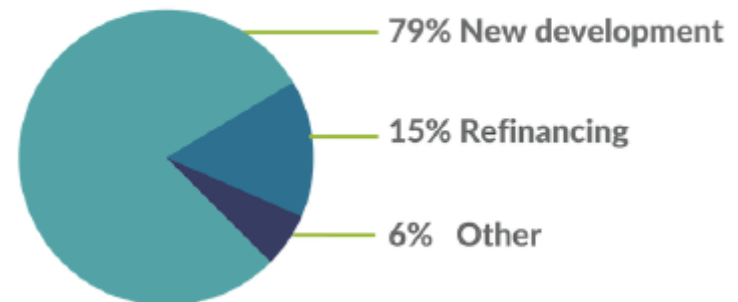
Analysis of the Annual Loan Portfolio Returns at 31 March 2018

Major Lenders



RSLs are increasingly sourcing investment from capital markets - £645m so far has been raised.

Reasons for new loans



Statutory Intervention Ongoing at 31 March 2019

RSL	From	To	Total Homes	Board members appointed	Statutory Managers appointed
Ruchazie	March 2018	→	225	4	✓
Wishaw & District	February 2017	→	979	7	✓
Arklet	February 2017	→	361	2	✓
Thistle	August 2018	→	947	5	✓
Fairfield	December 2018	→	514	7	✓

Thistle Housing Association submitted an appeal against a regulatory decision in relation to statutory intervention on 5 November 2018. An appeal panel, consisting of two SHR Board members and an independent member, considered the appeal. The panel upheld SHR's original decision. We published [a summary of the case and the reasons for the decision](#).

Completed during 2018/19

RSL	From	To	Total Homes	Board members appointed	Statutory Managers appointed
Kincardine*	November 2017	March 2019	72	6	✓
Antonine	August 2016	October 2018	337	6	✓
Ferguslie Park	February 2016	September 2018	803	3	✓
Dalmuir Park	December 2018	March 2019	654	6	✓

*SHR used its powers to direct a transfer of Kincardine's assets to Grampian Housing Association

"..the transformation to DPHA today is incredible. All of the Committee and staff team have worked really hard. We all pass our sincere thanks to the team at the SHR and to our Statutory Manager for all their help and support over this period to help us achieve what we have and to set us on a strong course for the future to best serve our tenants and service users."

**Craig Edward,
Vice Chair
Dalmuir Park**

Lesson learned from statutory intervention



"Good governance protects social landlords from the problems that mean the Regulator has to intervene."

"Our new Regulatory Framework will support governing bodies to assure themselves that their landlord is well-run, focuses on the right things, manages risk, and delivers good services. If they engage quickly and constructively with us when they find problems, they will help to avoid the need for us to intervene."

George Walker
Chair

We published a report on lessons from our statutory interventions since 2014

The root of the problems lay in weak governance. In almost all of the RSLs there was a failure of leadership, and the cultures in some left them vulnerable to poor behaviours and incompetence.

The failures that lead to intervention have serious implications, including the cost of any statutory appointments needed to fix the failures, and the risk of repricing or calling-in of loans.

It is important that RSLs act to avoid the need for us to intervene, including **engaging quickly and constructively** with us when they find problems.

Lenders and potential lenders and investors tell us that for an RSL, a positive and constructive relationship with the Regulator is a key consideration in determining whether they wish to invest.

"We are grateful for the skills, experience and objectivity that all the volunteer statutory appointees bring. They are all existing RSL staff or governing body members. Their input is instrumental in achieving good outcomes from many of our interventions."

Ian Brennan
Director of Regulation

What SHR learned

- > Using our powers can be necessary.
- > We have intervened in organisations with complex weakness and it takes time to tackle and identify all that needs to be fixed.
- > The skills and objectivity of voluntary statutory appointees have been instrumental to improving these landlords.
- > We want to work with the Scottish Federation of Housing Associations (SFHA) & Glasgow & West of Scotland Forum of Housing Associations (GWSF) to explore how RSLs can draw on sector skills and expertise to support governing body members and help prevent the need for statutory intervention.

Challenges RSLs & local authorities faced in 2018/19



RSL financial performance remains strong – but we are seeing tightening of sector finances which means, for many RSLs, there will be less financial capacity to deal with adverse events which may occur.



Future planned rent increases may create issues in terms of affordability for tenants in receipt of housing benefit as well as tenants in work whose pay may not keep pace with inflation.



RSLs need to demonstrate transparency on costs and value for money, taking into account discussions with tenants and other service users about the service levels they consider important.



While voids, bad debts and arrears remain under control, landlords will need to take account of the planned roll out of Universal Credit and the impact that this will have on tenants and other service users together with the financial impact on landlords themselves.



There are increasing expectations on local authorities to meet their statutory duties to people who are homeless or threatened with homelessness and on RSLs to play their role in preventing homelessness.



Building sustainable governance and leadership capacity is crucial in managing all of these challenges.

These are the areas we focused on when carrying out our risk assessment of landlords in 2018/19.



Looking forward

“We want to help Board members to get the assurance they need that their organisation is well run and so delivers good outcomes for tenants and others who use their services such as homeless people, Gypsy/Travellers and factored owners.”

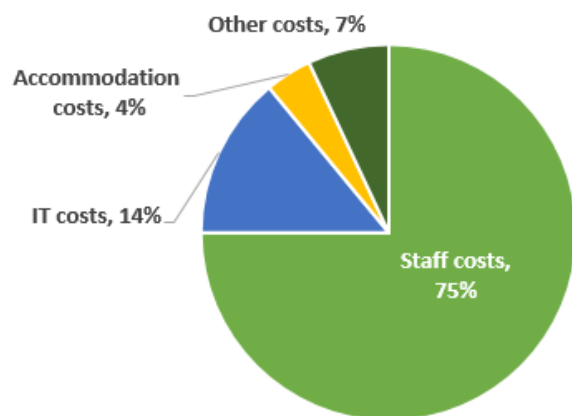
“In our new Framework we have put all regulatory requirements into one place and we’ll develop a toolkit with the SFHA to support board members to ask the right questions and get the assurance they need.”

Michael Cameron
Chief Executive

An effective regulator



Our budget



We spent our **£3.9m** revenue budget 

2017/18: £3.8m
2016/17: £3.7m
2015/16: £4.1m

In the 2018 Civil Service People Survey our staff scored the highest engagement level of all Scottish Public bodies and in the top ten of all UK public bodies who participated.

Our staff wellbeing is important to us. We supported our staff by providing training from wellbeing experts.

Around 75% of our revenue costs related to our 45 FTE staff.

In March 2018, we moved to a new permanent office, which will achieve significant ongoing savings compared to our costs in our last permanent base in 2015/16.

We have appropriate policies covering fraud & bribery.



We used the small increase in budget to recruit staff. This boost in our resources will help us to be an effective regulator and deliver our new Regulatory Framework.



We used our capital budget to invest in our IT systems so we could implement our new Regulatory Framework from 1 April 2019.

How we communicate

In June 2018 we gained valuable insight into how people use our information from independent stakeholder research about our communications. We used this to shape our future approach.



“It’s been a really worthwhile exercise and has given us valuable insight into how people use our information. It’s good to hear the feedback on the frequency and quality of our information. It’s also positive that around three quarters of people welcome the recent changes we’ve made by making reports shorter and using infographics.”

Iain Muirhead
Director of Digital & Business Support

Key findings:



Stakeholders use all of SHR communications methods, but the website and publications are the main sources of information.



The amount of information, frequency and quality of information across SHR publications is generally about right. SHRs National Report and Comparison Tool may benefit from a slight adjustment.



Generally, stakeholders felt that publications didn't need to be changed. Improvements suggested included more good practice examples, better navigation on the website, clearer/more concise reports, and a review of data sets.



There was broad support for the improvements introduced to date. Stakeholder involvement was suggested in delivering further improvements to ensure accessibility and relevance.

Communications statistics



Website hits up to over:
471,000

www.scottishhousingregulator.gov.uk



Comparison tool hits up to over:
29,000



We started a project to develop a new and more user-friendly website for launch in 2019/20.



Twitter followers up to over:

1,300

@SHR_news



'SHR Update' e-zine subscribers up to over:

1,300

We developed our IT systems to ensure

- > we are ready for the legislative and Regulatory Framework changes; and
- > we are providing a secure and fit for purpose system for landlords to use to submit information to us.

In May 2018, we published stakeholder communications research, which we used to inform our Regulatory Framework review.

This considered how we communicate and engage with tenants and other stakeholders. We will use this to shape our new website and regulatory products.

How we measure our performance

Our Board and Management Team monitor performance against our:

- > Corporate Plan vision & priorities;
- > annual operating plan and published summary 'what we will do'; and
- > published responsiveness targets.

Our corporate performance

Complaints

We published a summary of the five complaints about us & what we learned. None of the complaints were upheld.

Freedom of information/ Environmental Information /Subject Access

The Scottish Information Commissioner (SIC) issued a decision notice for one appeal against our response to an Environmental Information Request. SIC also issued decision notices for two appeals against our responses to Freedom of Information requests. The decision notices are published on the Scottish Information Commissioner's website.

The UK Information Commissioner (IC) contacted us about data protection concerns raised by two individuals relating to Subject Access Requests. In one case the IC took no action; in the other, the IC instructed us to release personal information to the individual.

Our Target	Response Time (working days)	Target %	Outcome
Invoice payments	10	100	99.5% ²
General Correspondence	8	95	✓
Complaints about SHR	Acknowledge within 3	95	✓
Stage One Complaints	Respond within 5	95	✓
Stage Two Complaints	Respond within 20	95	✓
Consents	8	95	✓
FOI/EI* Requests & reviews	20	100	✓ ¹
Significant Performance Failures	20	100	✓
Subject Access requests	20	100	✓

*Freedom of Information/Environmental Information

¹ within response target or by mutually agreed extended timescales

² In quarter three we paid one invoice out with target timescales

Appeals against our regulatory decisions

We received one appeal application against a regulatory decision. A panel made up of two SHR Board members and an independent advisory member upheld SHR's original decision.

The original timescale for submission of the appeal was extended in agreement with the RSL and once submitted SHR met the published target.

Our corporate work

We are committed to meeting our **equalities** duties. We placed a stronger emphasis on equalities and human rights as we developed our new Regulatory Framework and consulted directly with equalities groups.

We will work with landlord representatives, EHRC & SHRC to support them to develop guidance around equalities and human rights in social housing, including effective data collection.



contactSCOTLAND-BSL

We launched our British Sign Language (BSL) Plan setting out how we will promote and support BSL.

CivTech[®]

We participated in the 3rd CivTech programme. A public/private sector co-production programme to improve people's lives with faster and easier public service IT products. We invested in developing a product to make our information more accessible. We will launch the product in 2019/20.



We achieved Cyber Essentials Plus to help protect us against cyber-attack.



Climate change

We reported on our progress towards climate change targets. In March 2018 we moved to a new permanent office. It is smaller, more environmentally efficient and reduces our future carbon footprint.

Our Regulatory Framework & Charter indicator review & Housing (Amendment) (Scotland) Act 2018

Our journey to our new Regulatory Framework

A culmination of a year long discussion with tenants, landlords, representative bodies, funders and others.

It was inclusive, a hugely worthwhile process and we are grateful for everyone's input.

We published our new Framework and associated guidance including refreshed Charter Indicators in February 2019 for implementation from April 2019.

Housing (Amendment) (Scotland) Act 2018

From 8 March 2019, RSLs no longer needed to apply to us for consent to disposals of land and assets and to constitutional and organisational changes. They must now notify us of relevant disposals and changes. In January 2019, we highlighted the broadly publicised changes to all landlords and published new guidance on notifiable events in February 2019.



“We're promoting a culture of **assurance, openness and transparency**. We aim to support landlords to be well-run and to deliver what tenants, people who are homeless and other service users need and want.”

George Walker
Chair

Journey to our Regulatory Framework



95 responses to our discussion paper.



Blogs & articles to promote debate.



Landlord events.
Hosted by SFHA & Association of Local Authority Chief Housing Officers.



Round table stakeholder events.



Landlord working group for in depth discussion.



Sector conferences, events, & workshops.



10 tenant events across Scotland.
From Lerwick to Moffat!



100 public responses to our consultation.
And independent analysis published.



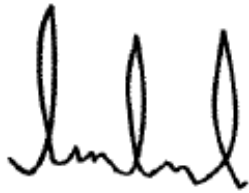
New Regulatory Framework published.
Went live from 1 April 2019.



We presented our annual report and accounts to the Scottish Parliament's Local Government and Communities Committee in January 2019.



We achieved substantial assurance from our internal auditor and an unqualified audit opinion from Scott-Moncrieff on behalf of Audit Scotland



Michael Cameron
Chief Executive
6 August 2019



4. Accountability Report

Corporate governance report

Remuneration and staff report

Parliamentary accountability & audit report

Corporate Governance Report

Directors' Report

Introduction

We have prepared these accounts for the financial year 2018/19 in accordance with the Accounts Direction given by Scottish Ministers and section 19(4) of the Public Finance and Accountability (Scotland) Act 2000.

Statutory Background

The Scottish Housing Regulator (SHR) was established on 1 April 2011 under the Housing (Scotland) Act 2010. We are a Non-Ministerial Department (NMD), part of the Scottish Administration and directly accountable to the Scottish Parliament. We commenced our full regulatory powers, duties and corporate responsibilities under the 2010 Act in April 2012.

Our relationship with Scottish Ministers is set out in a published **Framework Agreement**, available on our website www.scottishhousingregulator.gov.uk.

Our Board

Our organisation is led by a Board of non-executive members, appointed by Scottish Ministers following an open public appointments process. The Board sets our strategic direction and is responsible for oversight of our aims, objectives and performance.

Membership of the Board during the period April 2018 to the end of March 2019 is provided below:

- George Walker, Chair
- Anne Jarvie, Deputy Chair
- Lisa Peebles, Audit & Risk Assurance Committee Chair until December 2018

- Simon Little
- Mike Dailly
- Andrew Watson
- Bob Gil
- Siobhan White, Audit and Risk Assurance Committee Chair from December 2018

Details of our governance framework for Board appointments, appraisal and reviewing the Board's effectiveness are described in the Governance Statement of this report.

Our Executive Team

Our Executive Team is made up of our Chief Executive and Directors. During 2018/19 we restructured, moving from three divisions to two groups, to align us with our new regulatory framework and take account of the retirement of one of our Directors, Christine Macleod, in August 2018. Our Executive Team is responsible for providing strategic management and leadership.

Our Executive Team is:

- Michael Cameron, Chief Executive
- Ian Brennan, Director of Regulation
- Christine Macleod, Director of Regulation (to August 2018)
- Iain Muirhead, Director of Digital and Business Support.

Each member of the Executive Team has confirmed that so far as they are aware, there is no relevant audit information of which the auditor is unaware.

Details of Executive Team remuneration can be found in the Remuneration Report.

Register of interests

Our Board members and Executive Team have to complete a declaration of interests. No significant company directorships or other interests were held which may have conflicted with their management responsibilities, and there were no related party interests.

Our Board members' declarations of interest are published on our [website](#).

Our resources

Our revenue budget as set out in the Budget (Scotland) Act for 2018/19 was £3.885m, an increase of around 2.2% from 2017/18. We spent £3.750m, around 97% of our budget (2016/17 - £3.731m), achieving savings of £0.135m (2017/18-£0.069m). We also had a non-cash budget of £0.219m for depreciation of IT assets (2017/18- £0.240m).

We began a modest recruitment programme after a period of no recruitment throughout the previous two years to respond to funding pressures. We have also made savings in our other administrative costs wherever possible. In 2018/19 around 75% of our revenue costs were staff costs, 14% were IT equipment and support and 4% was accommodation.

In March 2018 we moved into a new permanent office space, after more than two years in two temporary office spaces. This new space is delivering significant annual savings from 2018/19 onwards, around £0.150m less than we spent on our previous larger permanent office in 2015/16.

Our Business Intelligence Systems represent the majority of our IT costs. These systems support our regulatory data collection and data analysis.

All public bodies face funding pressures in the coming years. Our revenue budget for 2019/20 is £4.085m, an increase of £0.2m. This increase will help us to address additional staff costs as a result of pay award increases and support our modest recruitment. The Scottish Government and Parliament will set our funding for 2020/21 during 2019/20.

During 2018/19 we reviewed our Regulatory Framework. This was a comprehensive review of how we regulate, looking at all aspects of our work and processes. After extensive consultation, we published our new Regulatory Framework in February 2019, with a go-live date of 1 April 2019. The new Regulatory Framework is designed to enable us to regulate effectively and sustainably within our resources.

Reporting of personal data related incidents

During 2018/19 there were no incidences of data loss which required to be reported to the Information Commissioner.

Appointment of auditors

Audit Scotland appointed Scott-Moncrieff to audit our accounts. Our notional audit fee of £22,520 is shown at note 10. Scott-Moncrieff supplied no other services to us during the year. The Scottish Government internal audit department provided internal audit services.

Post-balance sheet events

There have been no material events occurring after the year end which have a bearing on these accounts.

Supplier payment policy

Our policy is to pay all invoices not in dispute within 10 days from receipt of the invoice. We aim to pay 100% of invoices on time in these terms. This includes disputed invoices once the dispute has been settled. We process invoices on the Scottish Government's Accounting System (SEAS). We are reliant upon the financial information and management system provided by the Scottish Government for all our financial functions.

For the year ended 31 March 2019, we paid 99.5% of all invoices received within the terms of our payment policy.

Statement of Accountable Officer's Responsibilities

In accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, Scottish Ministers have directed the Scottish Housing Regulator (SHR) to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction at the end of these financial statements.

We prepare the accounts on an accruals basis and they give a true and fair view of our state of affairs at the year end, and of our operating costs, recognised gains and losses, and cash flows for the financial year.

The Permanent Secretary of the Scottish Administration has appointed me, the Chief Executive, as the Accountable Officer for SHR.

In preparing the accounts, I am required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;

- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the accounts on a going-concern basis.

The responsibilities of the Accountable Officer, including responsibility for the propriety and regularity of the public finances for which I am answerable, for keeping proper records and for safeguarding SHR's assets, are set out in the Accountable Officer's Memorandum issued by Scottish Ministers.

As Accountable Officer, I am not aware of any relevant audit information of which our auditors are unaware. I have taken all necessary steps to ensure that I am aware of any relevant audit information and to establish that our auditors are also aware of this information.

I confirm that the annual report and accounts as a whole is fair, balanced and understandable. I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

Governance Statement

Scope of responsibility

As Accountable Officer, I am responsible for sound governance and internal controls that help us to achieve our statutory objective. I am also responsible for safeguarding SHR's public funds and assets.

As Accountable Officer, I am responsible for:

- the propriety and regularity of financial transactions which have taken place under my control;
- the economic, efficient and effective use of our resources;
- ensuring that arrangements are made to secure Best Value;
- signing our annual accounts;
- ensuring that effective governance and management systems are in place; and
- ensuring that all risks are identified, assessed and managed appropriately.

Our governance, internal control and Best Value arrangements

Our governance framework is made up of the systems, processes, cultures and values by which we manage and control our organisation. It enables us to monitor progress against our objectives and to ensure that we use our resources efficiently and effectively.

We have a clearly defined governance framework which fits with best practice principles. I am satisfied that this framework works well. Our board carried out a survey based review of its effectiveness in May and used the findings to help shape the agenda for its development day in June. It also considered the findings further in October taking account of the Scottish Government's On Board guidance.

Our system of internal control is an important part of this framework. We identify, evaluate and manage risk to a reasonable level, rather than attempt to eliminate all risk. Our approach is proportionate and provides reasonable assurance of effectiveness.

Our internal control processes comply with guidance from Scottish Ministers provided in the Scottish Public Finance Manual (SPFM). These processes have been in place for the year ended 31 March 2019 and up to the date of approval of the annual report and accounts.

During 2018/19 we carried out a comprehensive review of our Regulatory Framework, looking at all aspects of our work and processes. We established a Programme Board to oversee progress, made up of our Executive Team and two Board members, Anne Jarvie and Andrew Watson. The Programme Board met 18 times during the review, with 7 of those meetings taking place in 2018/19. The review had two overarching aims, to:

- create an effective and sustainable regulatory framework; and
- maintain our focus on tenants' and service users' interests.

We aim to foster a culture of continuous improvement, in accordance with the principles of Best Value. Our Regulatory Framework Review was key to this, as it is about continuous improvement through:

- identifying the outcomes we want to achieve;
- engaging with our stakeholders and staff;
- considering options for delivery; and
- aligning our resources.

We developed a framework to embed Best Value in how we monitor and assess the Review programme. We used the Best Value themes as a tool to stimulate discussion about what we want to achieve and our progress in these areas.

Our Board

Our organisation is led by a Board of non-executive members, appointed by Scottish Ministers following an open public appointments process. The Board is responsible for providing strategic direction and oversight of our aims, objectives and performance.

Details of Board membership is provided in the Directors' Report.

Our Board met eight times in 2018/19 to fulfil this role and all meetings were quorate. We publish minutes of the meetings, our Board Code of Conduct and Board members' registers of interest on our website. Members also took part in additional workshops and events to consider a wide range of topics.

Board appointments are made by Scottish Ministers and overseen by the Commissioner for Ethical Standards in Public Life in Scotland.

The Scottish Government's Director for Housing and Social Justice appraises our Chair's performance annually. Our Chair appraises each Board Member's performance annually. The Chair and Board Members participate in regular training and carry out reviews of the Board's collective effectiveness.

Audit and Risk Assurance Committee

Our Audit & Risk Assurance Committee provides assurance to our Board and to me, as Accountable Officer, that appropriate risk, control and governance structures are in place. The Audit & Risk Assurance Committee met four times in 2018/19. During 2018/19 we began publishing minutes of our Audit and Risk Assurance Committee meetings on our website alongside information about membership and the terms of reference.

Membership comprised of the following members of the Board:

- Lisa Peebles, Chair to December 2018
- Siobhan White, Chair from December 2018
- Mike Dailly
- Bob Gil

I have considered the matters raised and discussed by the Board and Audit & Risk Assurance Committee when preparing this statement.

Executive Team and Management Team

I am joined by our Directors to form our Executive Team. We are responsible for providing strategic management and leadership. During the year, we restructured and moved from three Divisions, each with a Director, to two Groups, each with a Director.

Our Management Team supplements the Executive Team and is responsible for oversight of operational management. During the year we made some changes to the membership to reflect our restructuring and recruitment. At the end of 2018/19 the makeup was the Executive Team along with our five Assistant Directors and our Business Intelligence Manager. I chair the Management Team.

Throughout 2018/19 our Board, Executive Team and Management Team received regular reports to monitor progress against our statutory objective, the objectives in our corporate plan and annual operating plan, and to ensure we are managing risk effectively.

Risk framework

Our risk management strategy was developed by our Board and along with our risk register, identifies the key risks to the delivery of our statutory, strategic and corporate objectives.

During 2018/19 our Management Team reviewed the risk register regularly and reported to both the Audit & Risk Assurance Committee and Board on a quarterly basis. These reviews enable us to:

- discuss and evaluate key risks that could affect our ability to deliver our statutory objective;
- assess existing controls (i.e. measures in place to reduce or limit risk);
- determine the appropriate response to each risk;
- allocate responsibility for managing each risk to a risk owner; and
- profile our risks by ranking them in order of overall risk exposure (in terms of likelihood and impact) and our risk tolerance.

2018/19 was a transitional period for us in terms of our risk management approach. During the year we began a review of our approach to risk with our Board, with the aim of streamlining our approach. As part of this process we identified the following strategic risks as those potentially having the greatest impact on our activities:

- a significant reduction in quality or break in shared services from Scottish Government, which impacts on our ability to operate effectively;
- our regulatory framework not working effectively;
- losing stakeholder support;
- suffering a serious business failure;
- failing to comply with the duties and expectations on us as a public body; and
- suffering reputational damage as a result of a development out with our control.

Our new risk register is aligned to the activities in our operating plan. This ensures we are targeting our activities at areas that address the risks we face, so far as this is possible. I am satisfied that our arrangements have enabled us to identify and manage risk effectively during 2018/19. Our Board will consider an updated risk management strategy in the first quarter of 2019/20.

For data and information handling risks, I am assisted by our Senior Information Risk Owner and five Information Asset Owners. There were no significant data incidents in 2018/19 that required us to report to the Information Commissioner. Like all public bodies, preparing for and then working with the new General Data Protection Regulation (GDPR) was a significant focus for us. We share a Data Protection Officer with Transport Scotland. We provided training and awareness-raising for our staff and our internal auditor carried out a review of our approach to GDPR, for which we gained 'substantial assurance'.

We have fraud, whistleblowing and anti-bribery policies in place, and a fraud response plan, to ensure the effective management of risks associated with these issues.

Review of effectiveness of internal control and risk management

As Accountable Officer, I have responsibility for reviewing the effectiveness of our systems of internal control and risk management arrangements. My review is informed by:

- annual certificates of assurance and internal control checklists from the Director of each of our Groups;
- the work of our internal auditors, who submitted regular reports to our Audit Risk & Assurance Committee;
- comments made by our external auditors, Scott-Moncrieff, in their management letters and other reports; and
- quarterly reports to our Board from the Chair of the Audit & Risk Assurance Committee.

Our systems of internal control have been supported by:

- regular Board meetings and workshops;
- meetings of our Executive and Management Teams
- regular Regulatory Framework Review Programme Board meetings; and
- regular monitoring and reporting of performance against our operating plan and other areas of corporate performance, including finance and risk management.

We use and rely on the core financial management systems of the Scottish Government to carry out accounting and payment functions. I have received assurances from the Scottish Government that reliance can be placed on the central systems they provided in 2018/19.

We are committed to a process of continuous improvement and we develop our systems in response to any relevant reviews and advancements in best practice. In the period covering the year to 31 March 2019 and up to the signing of the accounts, we liaised with Scottish Government Internal Audit, Scott-Moncrieff and Scottish Government Finance colleagues to ensure that our internal control procedures were fit for purpose and compliant.

During 2018/19, our internal auditors completed their risk-based internal audit plan with specific work on our approach to open data and GDPR. Internal Audit has provided substantial assurance in relation to the work undertaken. A small number of recommendations to enhance controls have been identified and we will take action to respond to these in 2019/20.

I am satisfied that no significant control weaknesses or issues have arisen during 2018/19. There have been no significant failures in expected standards for good governance, risk management and control.

Remuneration and Staff Report

Remuneration policy (unaudited)

Our staff are civil servants and our Chief Executive is a senior civil servant.

The remuneration of senior civil servants is set in accordance with the Civil Service Management Code (available at www.civilservice.gov.uk) and with independent advice from the Senior Salaries Review Body (SSRB). Information about the work of the SSRB can be found at www.ome.uk.com. Within the Scottish Government, the Top Level Pay Committee ensures that the Pay and Performance Management System (PPMS) policy falls within the parameters set by the SSRB and Cabinet Office.

Remuneration (audited)

Single total figure of remuneration:										
	Salary (£'000)		Bonus payments (£,000)		Benefits in kind (to nearest £100)		Pension benefits (£'000)		Total (£'000)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Officials										
Chief Executive										
Michael Cameron	70-75	70-75	-	-	-	-	20-25	15-20	95-100	85-95
Executive Team										
Ian Brennan	70-75	70-75	-	-	-	-	25-30	25-30	100-105	95-100
Christine Macleod	70-75	70-75	-	-	-	-	0-5	0-5	70-75	70-75
Iain Muirhead	65-70	65-70	-	-	-	-	25-30	20-25	90-95	85-90
Board Members Fees (NMD)										
Mike Dailly	5-10	5-10	-	-	-	-	-	-	5-10	5-10
Robert Gil	5-10	5-10	-	-	-	-	-	-	5-10	5-10
Anne Jarvie	10-15	10-15	-	-	-	-	-	-	10-15	10-15
Simon Little	5-10	5-10	-	-	-	-	-	-	5-10	5-10
Lisa Peebles	5-10	5-10	-	-	-	-	-	-	5-10	5-10
George Walker (Chair)	15-20	10-15	-	-	-	-	-	-	15-20	10-15
Andrew Watson	5-10	5-10	-	-	-	-	-	-	5-10	5-10
Siobhan White	5-10	5-10	-	-	-	-	-	-	5-10	5-10

Pensions

	Accrued Pension (P) at pension age and Lump Sum (LS) at 31/03/2019 £000 Band	Real Pension Increase (P) and Lump Sum (LS) at pension age £000 Band	CETV at 31/03/2019 £000	CETV At 31/03/2018 £000	Real Increase in CETV £000
Ian Brennan Director of Regulation: Finance and Risk	15-20 (P) 0 (LS)	0-2.5 (P) 0 (LS)	278	228	21
Michael Cameron Chief Executive	30-35 (P) 80-85 (LS)	0-2.5 (P) 0 (LS)	646	567	10
Christine Macleod Director of Regulation: Governance and Performance	25-30 (P) 85-90 (LS)	0-2.5 (P) 0-2.5(LS)	673	669	2
Iain Muirhead Director of Strategy and Communications	20-25 (P) 45-50 (LS)	0-2.5 (P) 0 (LS)	372	314	12

Salary

'Salary' includes gross salary, overtime and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by SHR and recorded in these accounts.

The Cash Equivalent Transfer Value (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

The real increase in the value of the CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation,

contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Pay multiples

The banded remuneration of our highest-paid director in 2018/19 was £70-75,000 (2017/18, £70,000-75,000). This was 1.6 times (2017/18, 1.6) the median remuneration of the workforce, which was £44,975 (2017/18, £44,766).

In 2018/19, no employees (2017/18, 0) received remuneration in excess of the highest-paid director. Remuneration ranged from £21,466 to £74,200 (2017/18, £22,659 to £73,330).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Employment contracts

Staff covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. During 2018/19 we also employed a small number of temporary staff. Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk.

Staff Report

Employee engagement, learning and development

We ensure that our staff are kept informed and engaged in our work through a range of activities. These include staff briefing sessions, regular face-to-face meetings, intranet updates and a range of other internal and external events.

Each of our Groups focuses on contributing to the delivery of our corporate strategic objectives. To support this, our performance management system ensures that all staff agree annual objectives with their line manager which are closely linked to our Corporate Plan and annual operating plans.

We are committed to investing in our staff, using our resources as effectively as possible to achieve our objectives and maximising value for money.

In the 2018 Civil Service People Survey our staff scored the highest engagement level of all Scottish Public bodies and in the top ten of all UK public bodies who participated.

Trade unions

We are party to the Scottish Government's Partnership Agreement with trade unions recognised by the Scottish Government (SG).

Our staff are part of SG Main for the purposes of pay, terms and conditions.

Employee recruitment

We carry out our recruitment and promotion activities on the basis of fair and open competition, selection on merit and in accordance with Scottish Government guidance.

Equal opportunities and diversity

We treat all staff equally. We are committed to increasing the diversity of staff within the organisation to reflect the people of Scotland, and to valuing positively the different perspectives and skills of all staff and making full use of these in our work.

Health and safety

We aim to provide a safe and healthy working environment for all staff. We act in accordance with our Health and Safety Policy Statement, and have policies on particular matters available to support managers and staff. We offer a place on our staff Health and Safety Committee to a Trade Union Representative.

Civil Service Pensions

Pension benefits are provided through Civil Service Pensions. Further details can be found at <http://www.civilservice.gov.uk/pensions>

Staff Costs (audited)

			2018-19 £000	2017-18 £000
	Permanently employed staff	Others	Total	Total
Wages and salaries	2,206	-	2,206	2,288
Social security costs	254	-	254	262
Other pension costs	476	-	476	492
Inward secondments	-	-	-	-
Temporary staff	-	57	57	
Movement in short term employee benefits	4	-	4	0
Early retirement	(1)	-	(1)	(3)
Total net costs	<u>2,939</u>	<u>57</u>	<u>2,996</u>	<u>3,039</u>

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. We are unable to identify our share of the underlying assets and liabilities. The Scheme Actuary valued the scheme as at 31 March 2016. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation at www.civilservicepensionscheme.org.uk/about-us/resource-accounts

During the year ended 31 March 2019, employers' contributions of £0.476m (2017/18 £0.492m) were payable to the PCSPS at one of four rates in the range 16.7 to 24.3 per cent of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2018/19 to be paid when the member retires, not the benefits paid during this period to existing pensioners.

Average number of persons employed

	2018-19	2017-18
	Permanently employed staff	Others
Directly employed	43.20	-
Other	-	1.21
Total	<u>43.20</u>	<u>1.21</u>
	<u>44.41</u>	<u>46.48</u>

Number of Senior Civil Service staff employed

Band	2018-19	2017-18
SCS - Deputy Director 1	1	1

Gender Balance

At the end of the 2018/19 financial year, the number of persons of each sex who were Board Members, Senior Managers and employees was as follows:

	Female	Male
Board Members	3	5
Executive Team (including Chief Executive)	-	3
Employees	32	11

Sickness absence data

The average total number of sick days per full time employee in 2018/19 was 19 days (6.3 days - 2017/18).

Employment of disabled people

We adhere to Scottish Government recruitment policies which ensure that all disabled applicants who meet the minimum advertised criteria for a job vacancy will be invited to interview. Disabled candidates are guaranteed the chance to be judged along with everyone else on their abilities.

Reporting of Civil Service and other compensation schemes – exit packages (audited)

None of our staff received exit packages in 2018/19.

Expenditure on consultancy

We incurred expenditure of £71k on external consultancy in 2018/19. This equates to 1.7% of our total revenue expenditure (2.2% in 2017/18). This includes our legal advice costs, a programme of work with our National Panel of Tenants and support for procurement of our future IT contracts.

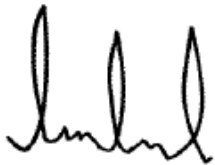
Parliamentary Accountability & Audit Report

SHR is a Non-Ministerial Department (NMD) and part of the Scottish Administration, with direct accountability to the Scottish Parliament. Whilst our accounts are not consolidated with those of the Scottish Government, we liaise with Scottish Government Finance colleagues on a regular basis to provide them with information relating to our expenditure and anticipated outturn. Our Framework Agreement sets out our relationship with Scottish Ministers.

Statement of Losses and Special Payments

No losses or special payments were incurred by the Scottish Housing Regulator during the year ended 31 March 2019.

These accounts were authorised for issue on the same date as the Independent Auditor's report.

A handwritten signature in black ink, appearing to read 'Michael Cameron', with a stylized, cursive script.

Michael Cameron
Chief Executive
6 August 2019

Independent Auditor's Report

Independent auditor's report to Scottish Housing Regulator, the Auditor General for Scotland and the Scottish Parliament

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of the Scottish Housing Regulator for the year ended 31 March 2019 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2018/19 Government Financial Reporting Manual (the 2018/19 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2019 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2018/19 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is 3 years.

We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

We have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that we identified and our conclusions thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. We therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and our independent auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with our audit of the financial statements, our responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report on regularity of expenditure and income

Opinion on regularity

In our opinion in all material respects:

- the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- The sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. We are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

In our opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.



Nick Bennett (for and on behalf of Scott-Moncrieff Audit Services)
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date: 23 August 2019



5. Financial Statements

For the year end 31 March 2019

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2019

The Scottish Housing Regulator has made no gains or losses during the period, other than as reported above.

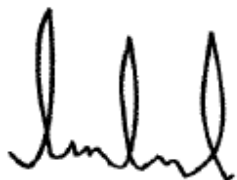
The results for the year ended 31 March 2019 derive from the ordinary activities of the Scottish Housing Regulator, all of which are continuing.

	Note	2018-19 £000	2017-18 £000
Administration costs:			
Staff costs	2	2,996	3,039
Other administrative costs	2	1,241	932
		----	----
Total		4,237	3,971
		----	----
		----	----
Net operating cost		4,237	3,971
		===	===

The notes on pages 59 to 73 form part of the financial statements.

Statement of Financial Position

as at 31 March 2019



Michael Cameron
Chief Executive

The financial statements have been
authorised for approval on 6 August 2019

	Note	2019 £000	2018 £000
Non-current assets:			
Property, plant and equipment	3	7	18
Intangible assets	4	529	736
		-----	-----
Total non-current assets		536	754
		-----	-----
Current assets:			
Trade and other receivables	6	3	-
Cash and cash equivalents	7	2	1
		-----	-----
Total current assets		5	1
		-----	-----
Total assets		541	755

Continued overleaf

The notes on pages 59 to 73 form part of the financial statements.

Statement of Financial Position

Continued

As at 31 March 2019

	Note	2019 £000	2018 £000
Current liabilities			
Trade and other payables	8	(262)	(134)
Provisions	9	0	(9)
		----	----
Total current liabilities		(262)	(143)
		----	----
Total assets less current liabilities		279	612
		----	----
Net assets		279	612
		===	===
Taxpayers' equity:			
General Fund		279	612
		----	----
Total taxpayers' equity		279	612
		===	===

The notes on pages 59 to 73 form part of the financial statements.

Statement of Cash Flows

for the year ended 31 March 2019

	Note	2018-19 £000	2017-18 £000
Cash flows from operating activities			
Net operating cost		(4,237)	(3,971)
Adjustments for non-cash transactions:			
Depreciation and amortisation	3,4	218	218
Auditor's remuneration	10	23	22
Movement in working capital:			
(Increase) / decrease in trade and other receivables	6	(3)	3
Increase / (decrease) in trade and other payables	8	128	(3)
Use of provisions	9	(9)	(53)
		----	----
Net cash outflow from operating activities		(3,880)	(3,784)
		----	----
Cash flows from investing activities			
Purchase of property, plant & equipment		0	(5)
Purchase of intangible assets		0	0
		----	----
Net cash outflow from investing activities		0	(5)
		----	----
Cash flows from financing activities			
Scottish Government funding		3,881	3,789
		----	----
Net financing		3,881	3,789
		----	----
Net increase / (decrease) in cash and cash equivalents		1	0
		====	====
Cash and cash equivalents at beginning of period	7	1	1
Cash and cash equivalents at end of period	7	2	1

The notes on pages 59 to 73 form part of the financial statements.

**Statement of Changes in
Taxpayers' Equity**
for the year ended 31 March 2019

	Note	General Fund £000	Total Reserves £000
Balance at 1 April 2017		772	772
Net funding		3,789	3,789
Non-cash charges – auditor's remuneration	10	22	22
Comprehensive expenditure for the year		(3,971)	(3,971)
Balance at 31 March 2018		612	612
Net funding		3,881	3,881
Non-cash charges – auditor's remuneration	10	23	23
Comprehensive expenditure for the year		(4,237)	(4,237)
Balance at 31 March 2019		279	279

The notes on pages 59 to 73 form part of the financial statements.

Notes to the Accounts

1. Accounting Policies

The financial statements have been prepared in accordance with the 2018-19 Government Financial Reporting Manual (FReM). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Scottish Housing Regulator for the purposes of giving a true and fair view has been selected. The particular policies adopted by the Scottish Housing Regulator are described below. The policies have been applied consistently in dealing with items considered material to the accounts.

1.1 Accounting Convention

These financial statements have been prepared under the historical cost convention modified to account for the revaluation of intangible assets where material, at their value to the organisation by reference to their current costs.

1.2 Going Concern

The financial statements for the year ended 31 March 2019 show a surplus on the general fund of £0.279m (17-18 – surplus of £0.612m). This has arisen as a result of the requirement to account for the activities of the Scottish Housing Regulator on an accruals basis, whilst recording funding from the Scottish Government on a cash basis. Net current liabilities will be funded by the Scottish Government as they arise. As a consequence, these financial statements have been prepared on a going concern basis.

1.3 Administration and Programme Expenditure

The Statement of Comprehensive Net Expenditure is analysed between administration and programme expenditure. The classification of expenditure as administration or programme follows the definition of administration costs set out in Consolidated Budgeting Guidance 2018-19 by H M Treasury.

1.4 Non-Current Assets

1.4.1 Property, Plant and Equipment

The minimum level for capitalisation of non-current assets is £7,500. Where multiples are purchased together, and individual values are less than £7,500, they are capitalised if their collective value exceeds £7,500.

Non-current assets are depreciated on a straight line basis at rates sufficient to write-off the cost of the individual assets over their estimated useful lives, which are considered to be:

ICT Equipment	3 years
Bespoke ICT Equipment	3 years

ICT assets are carried at valuation in existing use. Depreciated historical cost has been used as the proxy for valuation in existing use for ICT equipment as it is not practicable to obtain valuations due to the low values and high volumes of this class of assets.

1.4.2 Intangible Assets

The minimum level for capitalisation of intangible assets is £7,500. Where multiples are purchased together, and individual values are less than £7,500, they are capitalised if their collective value exceeds £7,500.

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended. Subsequently, they are measured at amortised replacement cost. This is a proxy for fair value.

Software licences are disclosed separately as intangible assets in accordance with the FReM. However, the Scottish Housing Regulator has only the Business Intelligence System as an intangible asset.

Intangible assets are amortised on a straight line basis at rates sufficient to write off the costs of the individual assets over their estimated useful lives, which are considered to be:

Computer software – internally developed	7 years
Computer software – licences	3 years or life of licence if shorter

The Business Intelligence System will be fully amortised by 31st March 2023.

1.5 Leases

The Scottish Housing Regulator occupies office space under the basis of a Memorandum of Understanding. The arrangement is treated as an operating lease and the rentals payable in that respect are charged to the statement of comprehensive net expenditure on a straight line basis over the term of the lease.

1.6 Provisions

Provisions are made to the extent that the Scottish Housing Regulator meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The Scottish Housing Regulator provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated future years' payments.

1.7 Trade Payables

The Scottish Housing Regulator's policy is to pay all invoices, not in dispute, within 10 days of receipt. The Scottish Housing Regulator aims to pay 100% of invoices, including disputed invoices, once any dispute has been resolved, on time in these terms.

1.8 Value Added Tax

Operating costs are stated net of VAT where VAT is recoverable by the Scottish Housing Regulator.

The Scottish Housing Regulator is registered for VAT as part of the Scottish Government, which is responsible for recovering VAT from HM Revenue & Customs.

1.9 Pensions

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit scheme is unfunded and is non-contributory except in respect of dependants' benefits. The Scottish Housing Regulator is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the scheme as at 31 March 2016. You can find

details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensionscheme.org.uk/about-us/resource-accounts/).

The Scottish Housing Regulator recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution scheme, the Scottish Housing Regulator recognises the contributions payable for the year.

1.10 Income

The Scottish Housing Regulator does not undertake any income generating activities.

1.11 Cash and Cash Equivalents

Banking arrangements are undertaken by the Scottish Government on behalf of the Scottish Housing Regulator. As a result, cash and cash equivalents represents only petty cash at the year end.

1.12 Short Term Employee Benefits

A liability and an expense is recognised for holiday days, holiday pay, bonuses and other short-term benefits when the employees render service that increases their entitlement to these benefits. As a result accruals have been charged for holidays and flexi time earned but not taken at the year end.

1.13 Critical Accounting Estimates

Accounting estimates are used to determine the valuation of property, plant and equipment, intangible assets and

provisions. Details of the estimates are included in notes 1.4 and 1.6.

1.14 Post Balance Sheet Events

There have been no post balance sheet events of which the Scottish Housing Regulator is aware.

1.15 Impact of New Accounting Standards Issued But Not Yet In Effect

International Accounting Standard (IAS) 8 requires disclosure of information on the expected impact of applying new accounting standards that have been issued but are not yet in effect.

A number of new accounting standards have been issued or amendments made to existing standards, but have not yet been applied in these financial statements. The standards that are considered relevant and the anticipated impact on the Scottish Housing Regulator's accounts are as follows:

IFRS 16 – Leases

This will apply for all accounting periods commencing on or after 1 January 2020. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer ('lessee') and the supplier ('lessor'). A right of use asset valued at £0.461 million as at 1st April 2018 would be recognised if this were adopted with immediate effect. This value would be subject to depreciation.

IFRS 17 – Insurance Contracts

This will apply for all accounting periods commencing on or after 1 January 2022 and will have no impact on the Scottish Housing Regulator.

2. Administration Costs

Auditor's remuneration relates to a charge notified by Audit Scotland in respect of audit work carried out by Scott-Moncrieff on its behalf during 2018-19. No other services were supplied by Audit Scotland or Scott-Moncrieff during the year ended 31 March 2019.

In relation to accommodation costs, these increased by £0.136m compared to 2017/18. 2017/18 was a transitional year where we occupied temporary office space for 11 months prior to moving to our permanent location. We incurred less cost in the temporary location.

	2018-19 £000	2017-18 £000
Wages and salaries	2,206	2,288
Social security costs	254	262
Other pension costs	476	492
Inward secondments	-	-
Temporary staff	57	-
Movement in short term employee benefits	4	0
Early retirement	(1)	(3)
IT costs	556	384
Depreciation and amortisation	219	218
Accommodation expenses	165	29
Non-executive board members' fees & expenses	88	83
Support and consultancy	71	82
Office expenses	27	26
Auditor's remuneration (notional charge – note 10)	23	22
Stakeholder engagement	22	22
Travel and subsistence	20	20
Conferences and seminars	18	13
Training and development	13	22
Marketing	7	9
HR and recruitment costs	6	-
Professional fees and subscriptions	4	4
Catering	2	5
Total	4,237	3,971

3. Property, Plant and Equipment

	ICT Equipment £000	2019 Total £000
Cost		
At 1 April 2018	249	249
Additions	0	0
Disposals	(3)	(3)
At 31 March 2019	----- 246 -----	----- 246 -----
Depreciation		
At 1 April 2018	231	231
Charged in year	11	11
Disposals	(3)	(3)
At 31 March 2019	----- 239 -----	----- 239 -----
Carrying value at 31 March 2018	18	18
Carrying value at 31 March 2019	----- 7 =====	----- 7 =====

Continued overleaf

3. Property, Plant and Equipment
Continued

	ICT Equipment £000	2019 Total £000
Cost		
At 1 April 2017	251	251
Additions	5	5
Disposals	(7)	(7)
At 31 March 2018	----- 249 -----	----- 249 -----
Depreciation		
At 1 April 2017	228	228
Charged in year	10	10
Disposals	(7)	(7)
At 31 March 2018	----- 231 -----	----- 231 -----
Carrying value at 31 March 2017	23	23
Carrying value at 31 March 2018	----- 18 =====	----- 18 =====

4. Intangible Assets

	Information Technology £000	Software Licences £000	2019 Total £000
Cost			
At 1 April 2018	1,452	123	1,575
Additions	-	-	-
Disposals	-	-	-
At 31 March 2019	1,452	123	1,575
Amortisation			
At 1 April 2018	716	123	839
Charged in year	207	0	207
Disposals	-	-	-
At 31 March 2019	923	123	1,046
Carrying value at 31 March 2018	736	0	736
Carrying value at 31 March 2019	529	0	529

Continued overleaf

4. **Intangible Assets**
Continued

	Information Technology £000	Software Licences £000	2018 Total £000
Cost			
At 1 April 2017	1,452	123	1,575
Additions	-	-	-
Disposals	-	-	-
	----	----	----
At 31 March 2018	1,452	123	1,575
	----	----	----
Amortisation			
At 1 April 2017	508	123	631
Charged in year	208	0	208
Disposals	-	-	-
	----	----	----
At 31 March 2018	716	123	839
	----	----	----
Carrying value at 31 March 2017	944	0	944
	----	----	----
Carrying value at 31 March 2018	736	0	736
	===	===	===

5. Financial Instruments

IFRS 7, Financial Instruments: Disclosures, requires disclosure of information about the significance of financial instruments held by the entity over the year and the nature and extent of risks arising from those financial instruments.

The Scottish Housing Regulator is not exposed to the degree of financial risk faced by business entities because of the non-trading nature of its activities and the way in which it is funded.

Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. Financial assets and liabilities are generated by day to day operational activities and are not held to change the risks facing the entity in undertaking its activities.

Liquidity Risk

The Scottish Parliament makes provision for the use of resources by the Scottish Housing Regulator in a Budget Act for each financial year. Cash authorisation is provided by the Scottish Government to the extent that expenditure is covered by budget authority. The Scottish Housing Regulator is not therefore exposed to liquidity risks.

Fair Values

Assets and liabilities are carried at fair value in the Statement of Financial Position of the Scottish Housing Regulator. The Scottish Housing Regulator's financial assets consist of trade receivables, financial and other assets (note 6) and cash and cash equivalents (note 7). The financial liabilities consist of trade payables and other current liabilities (note 8).

6. Trade Receivables, Financial and Other Assets

	2019 £000	2018 £000
Amounts falling due within one year:		
Prepayments	2	-
Other receivables	1	-
	----	----
	3	-
	====	====
Intra-government balances		
Balances with other central government bodies	-	-
Balances with bodies external to government	3	-
	----	----
	3	-
	====	====

7. Cash and cash equivalents

	2019 £000	2018 £000
Balance at 1 April 2018	1	1
Net change in cash and cash equivalent balances	1	0
	----	----
Balance at 31 March 2019	2	1
	===	===
The following balances were held at 31 March 2019:		
Commercial banks and cash in hand	2	1
	----	----
Balance at 31 March 2019	2	1
	===	===
	----	----
Balance at 31 March 2019	2	1
	===	===

8. Trade Payables and other current liabilities

	2019 £000	2018 £000
Trade payables	36	37
Accruals	108	97
Other payables	118	-
	----	----
Balance at 31 March 2019	262	134
	===	===
Intra-government balances		
Balances with other central government bodies	-	-
Balances with bodies external to government	262	134
	----	----
	262	134
	===	===

9. Provisions for liabilities and charges
at 31 March 2019

	Early Departure Costs £000	Other £000	Total £000	2018 £000
Balance at 1 April 2018	9	-	9	62
Provided in the year	-	-	-	-
Provisions not required written back	-	-	-	-
Provisions utilised in the year	(9)	-	(9)	(53)
Unwinding of discount	-	-	-	-
Balance at 31 March 2019	-	-	-	9

10. Notional Charges

The following charge has been included in the accounts:

	2018-19 £000	2017-18 £000
Auditor's remuneration	23	22
	----	----
	23	22
	===	===

11.0 Related Party Transactions

The Scottish Housing Regulator is a Non Ministerial Department within the Scottish Administration. The Scottish Government is regarded as a related party. During the year, the Scottish Housing Regulator had various material transactions with the Scottish Government and with other entities for which the Scottish Government is regarded as a parent body.

In addition, the Scottish Housing Regulator has had a small number of material transactions with other government

departments, central government bodies, local government, non-departmental public bodies and similar organisations. During the year, apart from their service contracts, no Board member, key manager or related parties has undertaken any material transactions with the Scottish Housing Regulator.

12.0 Capital Commitments & Contingent Liabilities

No contracted capital commitments or contingent liabilities existed at 31 March 2019 (2018, None).

13. Leasing Commitments

At 31 March 2019, the total of future minimum lease payments under non-cancellable operating leases for each of the following periods were:

	2018-19 £000	2017-18 £000
Obligations under operating leases for the following periods comprise:		
Buildings		
Not later than one year	165	165
Later than one year and not later than five years	165	330
Later than five years	-	-
	-----	-----
	330	495
	===	===
Other		
Not later than one year	1	7
Later than one year and not later than five years	2	3
Later than five years	-	-
	-----	-----
	3	10
	===	===

14. Other Financial Commitments

The Scottish Housing Regulator has entered into contracts (which are not leases) for the provision of support services to the Business Intelligence System. The contracts are for 2 years with the option of an additional 2 years. The total payments for which the Scottish Housing Regulator is budgeting are as follows:

	2018-19 £000	2017-18 £000
Not later than one year	208	208
Later than one year and not later than five years	417	625
Later than five years	-	-
	====	====
	625	833
	===	===



The Scottish Government
Riaghaltas na h-Alba

SCOTTISH HOUSING REGULATOR

DIRECTION BY THE SCOTTISH MINISTERS
in accordance with section 19(4) of the Public Finance and Accountability (Scotland)
Act 2000

1. The statement of accounts for the financial year ended 31 March 2009 and subsequent years shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
2. The accounts shall be prepared so as to give a true and fair view of the income and expenditure, recognised gains and losses, and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
3. This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of the Scottish Ministers

Dated 11 March 2009

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The accountable officer authorised these statements for issue on 6 August 2019.

Laid before the Scottish Parliament 2019 SG/2019/158.

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