FOI 15 00095 Appendix C part one information provided 2019

Contents

1.   19 February 2019 Kincardine Housing Cooperative – redactions are covered by exemptions set out in Appendix A

Official - sensitive

The Board of the Scottish Housing Regulator

Subject:	**Kincardine Housing Co-operative**
Purpose:	**Decision**
Agenda item:	**AG5 02/19**
By:	▉▉▉▉▉▉▉
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Meeting date:	**19 February 2019**

1.   Introduction & Purpose

This paper updates the Board about the directed transfer of assets from Kincardine Housing Co-operative to Grampian Housing Association. It recommends KHC is now removed from the register of social landlords. The decision to compulsorily de-register an RSL is retained by the Board of the Scottish Housing Regulator.

2.   Recommendations

2.1   The Board is recommended to remove KHC from the register of social landlords, under s27 of the Housing (Scotland) Act 2010 ('the Act') subject to satisfactory receipt of KHC's final accounts. We recommend that the Board delegate to the Chief Executive the final authorization of removal from the register when we receive satisfactory accounts from KHC.

3.   Contribution to statutory objective and regulatory priorities

3.1   Following the transfer of assets KHC no longer meets the registration criteria and removing it from the register helps us to achieve our objective and regulatory priorities by ensuring only those RSLs who meet the registration criteria are included in the register of social landlords.

4.   Communication plan

3.1   We have developed tailored communications for each stage of our regulatory strategy to keep key stakeholders updated and have received good feedback. If Board decides to remove KHC from the register we will develop and deliver a detailed communication plan.

5.   Background

5.1   KHC registered as a social landlord in 1991. It is a non-charitable, fully mutual co-operative. We directed KHC to transfer its assets to Grampian and the transfer took place on 31 January 2019. Before the transfer KHC owned and managed 72 homes in Aberdeenshire with housing stock in the towns of Portlethen (around 80 per cent of its stock), Fordoun and Stonehaven. It does not employ any staff. Its turnover for the year to 31 March 2018 was just over £271k. Before the transfer of assets it had no loans and had cash reserves of £617k based on its accounts as at 31 March 2018.

5.2   At its meeting on 30 October the SHR Board agreed to direct a transfer under s67 of the Act of all of KHC's assets to Grampian.

6.   Directed transfer

6.1   In November 2018 we directed KHC to transfer its assets to Grampian by 31 January 2019. KHC wrote to confirm the transfer was completed on 31 January as requested. KHC no longer owns any property or assets and its tenants are now tenants of Grampian.

6.2   We have engaged with KHC and Grampian about the terms of the transfer agreement to ensure tenants interests were protected. The transfer agreement includes the commitments to tenants made by Grampian as part of its bid so it is legally obliged to carry these out. Grampian has agreed to monitor and report to tenants on its achievement of the commitments it made. We will seek assurance from Grampian about its achievement of the commitments and how it is monitoring and reporting to its tenants.

6.3   We ended the appointment of the statutory manager on 31 January and extended the appointment of the six appointments to the management committee until 31 March 2019 to ensure KHC had the capacity to complete its final requirements such as approving its final accounts. Grampian will now provide operational support to KHC's management committee.

6.4   We wrote to KHC's tenants to confirm the transfer had been completed and have engaged with Grampian about its communications with tenants to ensure tenants were fully informed about transfer.

7. Compulsory de-registration

7.1 The Act says we may remove a body from the register of social landlords if we consider it:
- no longer meets (or has never met) the registration criteria,
- has ceased to carry out activities, or
- has ceased to exist.

7.2 Following the transfer of assets KHC no longer meets the legislative criteria for registration in the Act. It has no homes or any other assets and cannot carry out the functions of a registered social landlord.

7.3 Before removing a body from the register the Act requires us to:
- give the body at least 14 days' notice, and
- have regard to any views expressed by the body in that period.

7.4 We wrote to KHC to confirm that following the transfer of assets it would no longer meet the criteria for registration and we were considering removing it from the register. We asked it to provide any views it had by 11 February 2019. We also discussed this with KHC's management committee at its meeting on 30 January 2019. KHC's management committee considered this and has confirmed it accepts the proposed de-registration with no comment. It also indicated that it would not appeal a decision to de-register KHC.

7.5 KHC's external auditor is carrying out a final audit and we have been advised this will be completed by the end of March at the latest.

7.6 If Board decides to de-register KHC we will then write to the Financial Conduct Authority (FCA) to inform it that KHC no longer owns any assets and has been removed from the register of social landlords. It will be for the FCA to take any action in relation to KHC's status as a body registered with it.

8. Risks and implications

8.1 **Financial** – we have incurred costs for legal advice and do not anticipate any further legal advice being required. We are archiving our legal advice on potential directed transfer cases and we will ensure that this and our experience of dealing with KHC feeds into future cases of this nature.

8.2 **Legal** – we have obtained legal advice on this proposal to ensure that we are fully discharging our duties and working within our legislative framework. We have received advice throughout our engagement with KHC to guide our actions and will continue to do so. The legal advice we have received to date is reflected in the evidence we have considered and the approach set forth in this report.

8.3 **Environmental** – none.

8.4 **Equalities & Diversity** – we have carried out an equalities screening exercise which identified that it was highly unlikely that there would be any material impact on people as a result of the de-registration. Therefore no Equalities Impact Assessment is required.

8.5 **Privacy & Data Protection** – the de-registration will not involve us gathering or processing personal information.

8.6 **Communications & Media** – there may be media interest and we will develop a detailed communications plan to ensure the messages are managed.

8.7 **Reputation** – we have engaged with key stakeholders and will continue to do so. The successful management of the process and our communications is critical for our good reputation.

8.8 **For Regulated Bodies** – this will have a direct effect on KHC.

2. 19 February 2019 - Extracts Quarter Three Corporate Performance Report – the rest is not in scope or covered by exemptions set out in Appendix A

We continue to deliver against most of our work plans. As highlighted to the Board on 30 October, the volume of FOI and subject access work increased during quarter three and we also handled an appeal against a regulatory decision for the first time. This all impacted our resource capacity. Following issues around recruitment that we have reported to the Board, coupled with the level of intensive casework and the Regulatory Framework review, we have had to reschedule some work. Details of the work impacted are set out in the appended report.

We envisage that the pressure on our resource capacity will continue into 2019 and we will keep the Board updated of the impact. Details of our change programme recruitment are detailed in the report. To keep the Board fully up to date, the recruitment section reflects the current position rather than that at the end of December.

FOI 15 00095 Appendix C part one information provided 2019

	RSLs	From	Total Homes	Board members	Stat Mgr	Failure in:
Statutory Intervention cases at end of Q3	Ruchazie	03/18	225	4	✓	Governance
	Dalmuir Park	12/17	654	6 now 6	✓	Governance
	Kincardine	11/17	72	0 now 6	✓	Gov, delivery of services, protection of assets & management
	Wishaw & District	02/17	979	5 now 7	✓	Gov, financial & risk management
	Arklet	02/17	361	3	✓	Gov & financial management
	Thistle	08/18	947	5	✓	Gov & financial management
	Fairfield	12/18	514	7	✓	Gov & mismanagement

	RSLs	Sep 18	Dec 18	Plan updates since Q2 ⇔	Local Authorities
Planned regulatory work	High	9	11	Revised plans for DGHP, Yoker, Arklet, Langstane, Fairfield, Milnbank, Cairn, ANCHO, Caledonia and Ferguslie Park	High engagement/ scrutiny with: Dumfries & Galloway, Glasgow, East Dunbartonshire & Shetland Councils
	Medium	56	49		
	Total RSLs with Reg plans[1]	65	60		
	RSLs with no Reg plans (Low)	93	97	Removed plans for Antonine, Cassiltoun, Cathcart & District, Linthouse and Molendinar Park	On-going monitoring with 16 local authorities.

Sources

Risk Assessment, data accuracy visits & notifiable events
Allegations brought to us & whistleblowing
Information from a managing agent

Reasons for engagement

Misconduct, Breaches of & failure to manage code of conduct. Board and management incompetence. Poor control/conduct & understanding of conflicts of interest. Poor management / control of services.

Operating Plan work completed in Q3

➢ Supported an appeal & published outcome
➢ Published a report on access to emergency contacts
➢ Published our analysis of RSL loan portfolio returns
➢ Published lessons learned from statutory interventions
➢ Published focus of risk assessment
➢ Published RSLs' audited financial statements
➢ Consulted on the new Regulatory Framework, Charter indicators and all associated statutory guidance
➢ Supported and participated in a programme of stakeholder engagement events in relation to the consultation
➢ Supported promotion of the Board vacancies
➢ Commenced restructuring and related recruitment
➢ Directed a transfer of assets from Kincardine to Grampian Housing Association
➢ Launched our British sign language plan
➢ Published report on landlords' progress towards meeting the Scottish Government's minimum site standards for Gypsy/Travellers
➢ Ended Statutory action at Antonine and Ferguslie Park

Essential Business-as-usual planned for Q4

1. Manage current statutory interventions and serious cases
2. Deliver essential planned regulatory engagement with RSLs and LAs
3. Conclude our risk assessment process
4. Set our Operating Plan and Budget for 2019/20
5. Contract management and user support for our Business Intelligence System
6. Work to support Loan Portfolio and financial returns
7. Open Annual Return on the Charter
8. Support presentation of Annual Report & Accounts to Parliament
9. Corporate compliance work, including Board and ARAC support
10. Essential stakeholder management
11. Line management and performance appraisals
12. Prepare for 2018/19 annual report and accounts, including external auditor on-site

[1] Total includes 5 RSLs covered by a parent plan
* Non statutory co-opted Board member or manager support in place

13. Manage 2018/19 programme of National Panel work
14. Deliver essential records management / information security work

Projects / distinct tasks planned for completion in quarter 4

1. Conclude the consultation on the Regulatory Framework
2. Switch off consents by 8 March
3. Conclude ongoing recruitment (that which we started before the freeze kicked in)
4. Develop and implement the BI System changes to support 2019/20 data returns and Regulatory Framework review
5. Support Board member recruitment and induction
6. Deliver the Glasgow homelessness visit
7. Continue our follow-up work on G/T site standards
8. Develop our Corporate Plan
9. Refresh our risk strategy and register
10. Develop a BI tool for the homelessness risk assessment
11. Collaborate with SFHA on a toolkit to support landlords

12. Develop a new website
13. Progress Civtech project
14. Pilot the consent based agenda with our Board
15. Conclude production of new internal FoI guidance
16. Review Board standing orders
17. Engage with SG on its development of the action plan on homelessness

Impact of work plans for quarter 4

1. No annual Analysis of the Finances of RSL report this year
2. Reprioritise or postpone some planned regulation analysis work or planned engagement meetings
3. Postpone the planned treasury management review of Angus HA
4. Lower quality assurance around financial risk assessment where initial assessment is "low risk"
5. Slow the pace of our change programme
6. Postpone publication of report on our intervention at Antonine to next year
7. Postpone a number of staff briefing events (including one with the Centre for Homelessness Impact)
8. Limit conference speeches etc. to what is already committed Postpone developing the Health & Safety committee's role to encompass wellbeing
9. Gate-keep new demands / requests to undertake essential activity only
10. Postpone review of engagement with RTO Network regions
11. Postpone the Lessons Learned exercise for the appeal
12. Postpone our review of Business Continuity Planning
13. Postpone substantive information security developmental work, including exploring feasibility of roll-out of secure email transfer and further cyber response planning
14. Develop an information note for statutory appointees
15. Publish report on our intervention at Ferguslie Park

Notifiable events

- No. of notifiable events recorded 2017/18
- No. of notifiable events recorded 2018/19
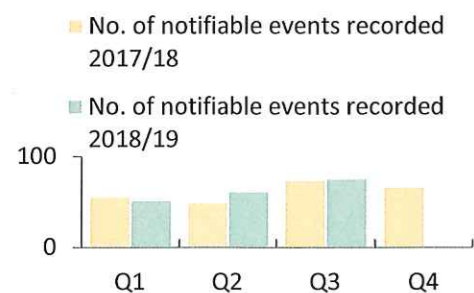
Consents received

Significant Performance Failures (SPF)
1 report of potential SPF, we are engaging with the applicant.

Whistleblowing
4 new cases.
- Engagement and investigations are ongoing in 2 cases.
- In 1 case we raised concerns with the RSL. No further engagement planned.
- No further action in 1 case due to lack of evidence & concerns having already been considered during our ongoing engagement with RSL.

FOI/EIR/Subject Access requests
8 FOI requests. 7 responded to within target.   1 FOI no response to clarification request.
4 subject access requests – all responded within target.

6 requests for FOI/EIR/Data Protection reviews. All of SHR's decisions upheld.

Complaints & Appeals about SHR

No. of consents received 2017/18
No. of consents received 2018/19

[Bar chart showing consents received by quarter Q1-Q4 with y-axis 0 to 100]

Consents processed

2017/18   2018/19
Target - 95%

[Bar chart showing consents processed by quarter Q1-Q4 with y-axis 0 to 100, with target line at 95%]
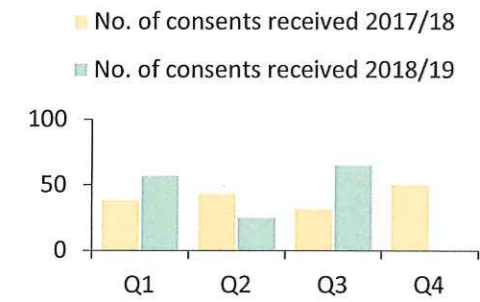
3 complaints, none of which were upheld.

We received 1 appeal application against a regulatory decision. The panel upheld SHR's original decision. The original timescales for submission were extended in agreement with the RSL and once submitted SHR met published targets.
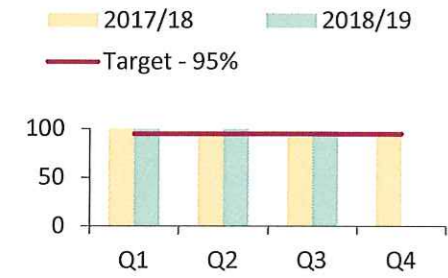
3.   20 March 2019 Audit & Risk Assurance Report - Extracts risk management – the rest is not in scope

Risk Governance, Reporting and Review

Our risk governance structure is summarised below:

Board		
Creation of risk register	Regular review of risks and actions	Ratifying risk policies and strategies

Audit and Risk Assurance Committee		
Regular review of risk register and actions	Escalation of risks to the Board	Periodic review of risk strategy

Executive Management			
Creation of risk register	Regular review of risks, implementing actions	Escalation of risks to the Board	Creation and application of risk strategy

Our **Board** has overall corporate responsibility for risk management, ensuring that significant risks are identified and subject to appropriate action and monitoring. The Board holds the Chief Executive and senior managers to account by challenging and scrutinising risk management processes, to ensure that we meet our objectives and that our processes provide appropriate internal controls and assurances.

The Board will:

- review our risk register quarterly alongside updates on our budget and summary operating plan;
- consider any risk reported to it by the Audit and Risk Assurance Committee at its discretion;
- review and refresh the full risk register annually;

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- instruct action in respect of risks managed at Board level; and
- consider an annual report from the Chief Executive on the effectiveness of risk management arrangements.

The **Audit and Risk Assurance Committee** meets quarterly to assure and advise the Board and the Chief Executive as Accountable Officer on risk management, governance and internal control. The Committee considers the risk management work of external and internal audit. Internal Audit's work is an important independent and objective check on our risk management, control and governance arrangements.

Risk Management is a standing agenda item for the Committee meetings. The Committee will review all risks on the risk register.

The Committee will:

- consider the Chief Executive's annual report on the effectiveness of risk management arrangements, prior to it going to the Board.
- approve internal and external audits in respect of risk management;
- advise the Board and the Chief Executive on the strategic processes for risk, control and governance;
- ensure that audit and control systems and processes are in place to identify, manage and mitigate risks in the conduct of our business; and
- comment on the appropriateness of the risk management and assurance processes which are in place.

The **Chief Executive and senior managers** have a collective responsibility to ensure the appropriateness of our risk management arrangements, and the effective implementation of our risk strategy and processes. The Management Team reviews the risk register monthly. Senior managers will contact the Chief Executive where an urgent emerging risk requires immediate escalation. The Chief Executive will notify the Chair of any significant risks which require escalation to the Board.

The Chief Executive and senior managers provide a governance and challenge role by:

- instructing action in respect of risks managed at management level;
- ensuring that necessary actions are being carried out;
- ensuring that our risk management arrangements are fit for purpose;
- considering the internal and external environment and satisfying themselves that the correct risks have been identified and recorded;
- each month challenging risk ratings for consistency, accuracy and effectiveness;
- conducting an annual refresh of the risk register and process for the Board; and
- ensuring that our annual operating plan activities are adequately risk assessed.

Our risk management reporting framework is summarised in the table below:

Risk Governance	Level of Risks Reviewed	Information Presented	Frequency
Chief Executive and Management Team	**All** current risks	All current risks with tolerance grids and treatment plans.	Monthly
Audit and Risk Assurance Committee	**All** current risks	All current risks with tolerance grids and treatment plans.	Quarterly
		Update paper describing the development and effectiveness of the internal control environment for risk management.	Annually
Board	**Urgent and important** risks and issues as required.	Risk tolerance grids and risk treatment plans for those risks where action or review is required.	Quarterly
		Update paper (escalated from Audit and Risk Assurance Committee) describing the development and effectiveness of the internal control environment for risk management. Full risk register review each year.	Annually

4.   20 March 2019 – Audit and Risk Assurance Committee report – Extracts Standing Orders review – the rest is covered by exemptions set out in Appendix A

Scottish Housing Regulator
Audit & Risk Assurance Committee

Subject:	**Standing Orders review**
Purpose:	**For Decision**
Report status:	**Restricted**
Agenda item:	**03/20 AG 12**
By:	**Roisin Harris**
	Contact telephone number: 0141 242 5566
Meeting date:	**20 March 2019**

1.   Introduction

.1   This paper sets out proposed amendments and updates to SHR's Board's standing orders, retained decisions and operation of delegation of statutory powers for consideration for recommendation to SHR Board.

2.   Recommendations

!.1   The Committee is asked to consider the draft standing orders, retained decisions and operation of delegation of statutory powers and agree recommended updates to propose to SHR Board in May 2019. A track change and clean version is appended for reference.

3.   Background

3.1   SHR Board last reviewed its standing orders, retained decisions and operation of delegation of statutory powers in 2016. At that time it agreed that ARAC would consider future reviews prior to recommendations being made to the Board. The Board agreed the next review would be in three years.

3.2   We have reviewed the existing documents and suggested updates to reflect change in practice that evolved and the recent legislative change around consents and disposals.

4.   Risks and implications

6.1   **Financial** – none, the Board retains approval of the budget and expenditure and appointment spend limitations are set out in 2.16 and 2.17.

6.2   **Legal** – none.

6.3   **Environmental** – none.

6.4   **Equalities & Diversity** – none.

6.5   **Communications & Media** – this is an internal document.

6.6   **Reputation** – It is vital for SHR's integrity to maintain the highest standards of governance. This document provides a framework for how the Board will operate.

6.7   **For Regulated Bodies** – none.

5.   26 March 2019 - Extracts Chief Executive Report– redactions are covered by exemptions set out in Appendix A and the rest is not in scope

5.   Issues and developments

5.1   We have had further discussions with SFHA about the development of the **Toolkit**. The SFHA is keen to have this as a sector-led development, to ensure the maximum buy-in to the toolkit from landlords.

It is proposing:

- SFHA coordinating the development in partnership with GWSF, ALACHO and SHR
- Quickly developing a project / programme brief setting out proposed commitments, timescales and governance arrangements
- Convening an early "partnership" meeting with SFHA, ALACHO, GWSF and SHR to agree participation and the project / programme brief. This will effectively be a steering group or programme board for the development of the toolkit.
- A programme of work taking us to 31 March 2020 to put in place a full toolkit on a phased basis.
- The first phase would aim to deliver by early summer 2019 a suite of questions for board / committee members for each regulatory requirement and the standards.
- Subsequent phases would be about expanding the content of the toolkit, identifying and developing new material to add to the toolkit, and developing a digital platform for the toolkit.
- A joint communication for 1 April 2019 to tell the sector about this.

Sector buy-in to the toolkit is important and the approach proposed by the SFHA will place ownership of the toolkit with the sector. SFHA will shoulder much of the heavy lifting for the production of this; although there would need to be an early discussion about what resources each partner can contribute.

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We will continue to discuss its proposed approach with the SFHA and with the others involved.

In the meantime, and regardless of the approach we take to the development of the toolkit, we are developing material for our website to support landlords to make their Annual Assurance Statements, including Frequently Asked Questions. We would aim to have this on our website from 1 April.

I will keep the Board updated on the outcome of the discussions with SFHA and others. We will update our operating plan to include workstreams on the development of the toolkit when the approach has been finalised.

6.   26 March 2019 – 2019/20 operating plan & risk register

The Board of the Scottish Housing Regulator

Subject:	**SHR Operating Plan 2019/20**
Purpose:	**For decision**
Agenda item:	**AG 4 03/19**
By:	**Michael Cameron**
	Contact telephone number: 0141 242 5561
Meeting date:	**26 March 2019**

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1. Introduction & Purpose

1.1   This paper proposes our Operating Plan for 2019/20.

2. Recommendations

2.2   The Board is asked to:
- consider and approve the appended plan and note how it aligns to the proposed 2019/20 budget (AG5) and how we manage risk; and
- note that in keeping with previous practice, we will develop and publish a summary of this plan called '*What we will do*' during April 2019.

3. Contribution to statutory objective and regulatory priorities

3.1   Our Operating Plan sets out how we will deliver planned and reactive work against our Corporate Plan (AG3).

4. Risk management & oversight

4.1   The Board discussed our new risk register at its February meeting and asked us to consider how we could track the relationship between our risk register and our operating plan to check and demonstrate that our operating plan activities focus on mitigating the key corporate risks we face.

4.2   In our operating plan we have mapped each of the discrete activities against the risks in our register, showing in the right hand column the relationship between the activity and our corporate risk(s). That exercise demonstrates that we have a good coverage overall. Unsurprisingly, the risks showing most prominently across the discrete activities are those relating to our regulatory framework and stakeholder support. The activities in the other sections in our operating plan (communicating and influencing, how we will involve others, responsive regulatory work, corporate work) also contribute to mitigating risk, though we have not carried out a similar mapping exercise for these sections of the operating plan because the value would be more limited.

4.3   ARAC will discuss our draft updated risk management strategy at its meeting on 20 March. We will discuss this proposed approach at that meeting and there will be an opportunity to reflect on that at the Board meeting.

4.4   We have included our risk register as an appendix to this paper to enable the Board to look across both the register and the plan.

4.5   As the operating plan and risk register are dynamic, the Management Team will continue to keep this under review each month. We propose to report updates to the Board via the quarterly corporate performance report, which would identify new discrete activities, and though the risk report.

4.6   The Board will note the timescale for the delivery of our work with Glasgow City Council. The exact nature of this work and the timescale for it is now dependent on two factors:
- the outcome of our discussion with the Scottish Government – scheduled for w/c 18 March – around its view of the status of Rapid Rehousing Transition Plans and our role in monitoring councils' delivery of these (I discussed concerns around this with the Board at its last meeting); and
- the conclusion of our initial analysis of the performance information which the Council provides to us each month.

We will update the Board at its meeting.

5. Communication plan

5.1   We will promote the plan with our staff and each Group will develop its own work plans to support delivery.   We will develop and publish the *What we will do* summary and use our website and Twitter to highlight this to stakeholders.

6. Risks and implications

6.1   **Financial** – the plan commits us to a work programme & budget plan for 2019/20.

6.2   **Legal** – none

6.3   **Environmental** – none

6.4   **Equalities & Diversity** –We will produce a new Equalities Statement during 2019/20.

6.5   **Privacy & Data Protection** – no risks or implications.

6.6   **Communications & Media** – section four sets out our approach to communications.

6.7 **Reputation** – none

6.8 **For Regulated Bodies** – our summary publication for 2019/20 will be of interest to regulated bodies and other stakeholders.

Operating plan 2019/20
Our Powers

We can:

1. request information;
2. make inquiries;
3. set a performance improvement target (for one, a number of, or all landlords);
4. require a performance improvement plan;
5. serve an enforcement notice;
6. appoint a governing body member to an RSL; and
7. appoint a manager.

Our Corporate Plan sets out what we will do to achieve our statutory objective during 2019-22

We will promote a strong tenant voice	We will support landlords to do the right things for their tenants, people who are homeless and other service users	We will take effective, proportionate action where we need to protect tenants and others	Though our work we will help to maintain lenders' and funders' confidence in social housing.

Our Vision is for well – run social landlords delivering what tenants, people who are homeless and others use services they need and want, and at a price they can afford to pay.

We will focus on:
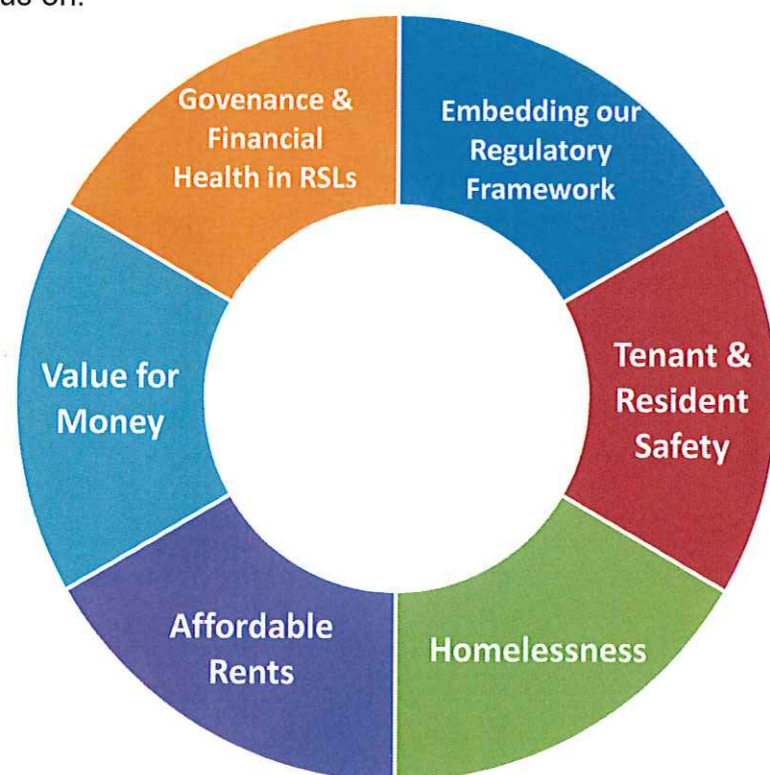
Embedding our new Regulatory Framework in 2019/20

We will prioritise our resources during 2019/20 to provide social landlords with support to help them bed in the new elements of the Regulatory Framework. This will be a major part of our work in this year.

We will close the Regulatory Framework Review Programme Board in April. We will update the Board on progress via the Chief Executive's report. The Framework will also be the focus of internal audit work in 2019/20.

Our operational priorities for 2019/20

- Implement & embed our new Regulatory Framework
- Support landlords to help them prepare their first annual assurance statements
- Regulate effectively based on our assessment of risks, including ongoing statutory intervention strategies & serious cases;
- Comply with our obligations as a public body
- Respond to any restrictions that Brexit may place on SHR

Our 2019/20 budget and resources

- Revenue budget of £4.1m
- Capital budget of £0.2m
- Non-cash budget of £0.2m (for depreciation of IT assets)
- We will have 46 people working with us at 1 April 2019

Risk & oversight

We identify in our risk register the risks that could prevent us from fully achieving our priorities and statutory objective. Our overarching risk is that we do not achieve our statutory objective.

Our Management Team reviews risk, operating plan progress and our budget each month. It uses the operating plan to set out what we are doing to mitigate risks to SHR.

We report on risk, budget and corporate performance to the Board quarterly.

Each of our two Groups have programmes and plans that support us to deliver the operating plan. Directors monitor and report on the delivery of these plans and programmes to the Chief Executive.

We will monitor our capacity and the resources available throughout the year and discuss any changes with the Board.

Data we gather

- May – Landlords submit Annual Charter Returns
- June – RSLs submit 5 year financial projections and loan portfolios
- June - Scottish Government share Homelessness data
- September – RSLs submit Annual Financial Statements
- October – Landlords submit Annual Assurance Statements for the first time

Communications & Influencing

We will publish an accessible summary of our annual operating plan called 'what we will do' on our website during April. We will report on our performance in our annual report and accounts, which we publish and lay before Parliament each September. We will engage with all staff to ensure awareness of business priorities.

We will seek platforms, and if appropriate exhibit, at:

April	HouseMark business insights	**September**	Highlands & Islands Liaison Group
June	TIS annual conference	**November**	SFHA Finance Conference
May	Drumchapel Housing Forum	**November**	GWSF Annual Conference
May	HouseMark 1st Class Governance event	**December**	TPAS conference
May	Scotland's Housing Network Homelessness Forum	**January**	SFHA Chairs conference
May/June	CIH summer roadshows	**February**	SHARE conference
September	HouseMark business insights	**March**	CIH Housing Festival
September	Social Housing Magazine Conference	**tbc**	SFHA landlord forums

A prominent theme for all platforms in 2019/20 will be our support work to help landlords embed the annual assurance statement.

How we will involve others in our work

- Work with our National Panel of Tenants and Service Users
- Engage with the Scottish Government supported network of Regional Tenant Organisations
- Work with our Tenant Advisors and RTO Liaison Group
- Engage with advocacy groups for tenants, homeless people and others who use social housing services
- Collaborate with SFHA/ALACHO/GWSF to develop and support the Toolkit
- Maintain operational level and Board level strategic relationships with SFHA/ALACHO/GWSF.
- Engage with landlords to help embed the new Framework and identify emerging issues
- Participate in, and represent SHR's interest at, the Strategic and Operational Scrutiny groups
- Participate in, and represent SHR's interest at, the Scottish Delivery Bodies Group
- Participate in, and represent SHR's interest at, the SORP Working Group
- Participate in, and represent SHR's interest at, the SFHA East/West Finance Forums
- Participate in the *Thought Leadership Group*
- Meet with groups of landlords facilitated by representative bodies
- Engage with UK Finance, individual lenders prospective investors in social housing and the major UK ratings agencies
- Engage with other UK housing regulators
- Engage with auditors to the sector
- Engage with statutory managers
- Engage with Scottish Government in line with our Framework agreement with Scottish Ministers and participate in the Scottish Government's Joint Housing Policy Delivery Group
- Respond to Ministerial action group on tenant safety
- Respond to new Scottish Government policy and guidance around homelessness and plans in response to the HARSAG recommendation

Our Year - Discrete Activities

Target	Ref	Description	Lead Grp	Risk register reference
April	1.	Implement new structure	Reg	2,4,5
	2.	Welcome new Board members	DaBS	5
	3.	Publish new Corporate Plan	DaBS	5
	4.	Launch new BETA website	DaBS	4
	5.	Publish summary of our work plan 'What we will do'	DaBS	2, 3
	6.	Publish engagement plans for all landlords	Reg	2, 3
	7.	Publish a report on intervention in Ferguslie Park	Reg	2, 3
	8.	Publish information note for statutory appointees	Reg	2, 3
	9.	Develop and provide staff with internal guidance on supporting landlords with Annual Assurance Statements	Reg	2, 3
	10.	Publish FAQs for landlords on Annual Assurance Statements	All	2, 3
	11.	Meet with UK Finance Scottish Committee	Reg	3
	12.	Review Intervention in Thistel HA	Reg	2, 3
	13.	Consider if any follow up advice is required in response to Brexit	All	1, 2, 4, 6
May	14.	Complete end of year reviews for all staff & Board members	All	5
	15.	Complete accounts and annual report for External Audit onsite work	DaBS	5
	16.	Complete a review of the Board's standing orders	DaBS	5
	17.	Review CivTech for futher investment	DaBS	2
	18.	Meet with Standards & Poor	Reg	3
	19.	Publish a report on intervention in Antonine	Reg	2, 3
June	20.	Facilitate a Board strategy day	DaBS	2, 3, 4, 5
	21.	Provide the Board with updated assurance map	DaBS	5
	22.	Participate in 3 CIH Roadshows on the new Framework	All	2, 3
	23.	Carry out British Sign Language Plan training	DaBS	5
	24.	Arrange access to registered BSL interpreters	DaBS	5
	25.	Decide on future approach to data collection software	DaBS	2, 3
	26.	Review Statutory Intervention in Fairfield	Reg	2, 3
	27.	Review CivTech for future investment	DaBS	2

Target	Ref	Description	Lead Grp	
July	28.	Fully launch website, close old website and publish archive information	DaBS	2, 3, 4, 5
	29.	Complete FYFP and LP data integrity sense checks including follow up discussions with landlords	Reg	2, 3
	30.	Review CivTech for final investment	DaBS	2
	31.	Scope a User Experience review of our BI system	All	2, 3, 4
	32.	Pubish a report on intervention in Kincardine	Reg	2, 3
	33.	Review Intrvention at Wishaw & District	Reg	2, 3
August	34.	Complete data integrity sense checks including follow up discussions with landlords	All	2, 3
	35.	Publish the outcome of our work with the National Panel of tenants and service users	DaBS	2, 3
	36.	Publish our National Report on the Charter	Reg	2, 3
	37.	Publish Landlord Reports	All	2, 3
	38.	Refresh and publish updated comparison tool	DaBS	2
	39.	Publish Civtech Chabot (assuming progress made and continued investment up to August)	DaBS	2
	40.	Meet with Scottish Government colleagues to discuss strategic sector issues	Reg	2, 3, 6
September	41.	Lay before Parliament & publish SHR's annual report & accounts	DaBS	2, 3, 5
	42.	Impact assess software changes in conjunction with suppliers	DaBS	2, 3, 4
	43.	Review Statutory Intervention in Arklet	Reg	2, 3

	Ref	Description	Lead Grp	
	44.	Publish our follow up work on housing people who are homeless in Glasgow	Reg	2, 3, 6
	45.	Publish tenant guide to regulatory Framwork and promote at autumn conferences	All	2, 3
	46.	Refresh tenant advisor appointments	Reg	2, 3
	47.	Develop our approach to the regulatory status for RSLs	Reg	2, 3
	48.	Meet with sector Auditors	Reg	2, 3

Target	Ref	Description	Lead Grp	
October	49.	Refresh our handling procedures on complaints in line with the new SPSO model and publish any updates	DaBS	5
	50.	Publish our annual statement of how we comply with public service reform	DaBS	5
	51.	Review our contract requirements for our BIS Infrastructure support contract	DaBS	2, 3, 4
	52.	Renew our Cyber Essentials Plus accreditation	DaBS	4, 5
	53.	Review & specify software changes to data collections systems and Microsoft components of BIS	DaBS	2, 3, 4
	54.	Agree scope of national panel work	DaBS	2, 3
	55.	Complete AFS data integrity sense checks including follow up discussions with landlords	Regs	2, 3
	56.	Develop and seek Board approval of risk assessment methodology	Regs	2, 3
	57.	Meet with statutory managers	Regs	2, 3
November	58.	Facilitate mid-year performance reviews for all staff	All	5
	59.	Submit climate change return	DaBS	5
	60.	Publish the focus of risk assessment	Reg	2, 3
	61.	Start providing individual landlord feedback on first Annual Assurance Statement submissions	Reg	2, 3
	62.	Publish financial statements & metrics	Reg	2, 3
	63.	Publish a refreshed list of potential Statutory Managers	Reg	2, 3
December	64.	Publish a summary of loan portfolio returns	Reg	2, 3
	65.	Consider people survey results and publish outcome	All	5

Target	Ref	Description	Lead Grp	
January	66.	Test BIS software changes	DaBS	2, 3, 4
February	67.	Deploy BIS software changes	DaBS	2, 3, 4
March	68.	Draft annual report & accounts for 2019/20	DaBS	5
	69.	Publish a refreshed summary of *How we involve tenants and others in our work*	DaBS	2, 3
	70.	Publish a refreshed equalities statement,	DaBS	2, 3, 5
	71.	Publish a refreshed communications strategy	DaBS	2, 3, 5, 6
	72.	Agree a protocol for cyber resilience	DaBS	4, 5
	73.	Publish the regulatory status for each RSL and if required any updated engagement plans for RSLs & LAs	Reg	2, 3
	74.	Publish a lessons learned on the Annual Assurance Statements	Reg	2, 3
	75.	Publish a report on the financial health of the RSL sector	Reg	2, 3
	76.	Complete commissioned advisory guidance on how to do a good governance review	Reg	2, 3
	77.	Refresh BI strategy	DaBS	2, 3, 4, 5
	78.	Submit updated records management plan to the Keeper	DaBS	5
	79.	Complete review of business continuity arrangements	DaBS	5
	80.	Complete a review of secure email options	DaBS	5
	81.	Publish refreshed How we work – Dealing with potentially serious issues in RSLs	Reg	2, 3
	82.	Publish refreshed How we work – How we assess risk in RSLs	Reg	2, 3
	83.	Publish refreshed How we work – How we appoint managers and governing body members	Reg	2, 3
	84.	Publish refreshed How we work – How we assess risk in local authorities and homelessness services	Reg	2, 3
	85.	Review MOU with other bodies	Reg	2, 3, 4, 5

Our responsive regulatory work - This work is unpredictable and can be very resource intensive. We will scrutinise and agree proportionate strategies in response to:

Ref	Description	Lead Grp
86.	Material non-compliance with regulatory standards	Reg
87.	Notifiable events	Reg
88.	Significant Performance Failures reports	Reg
89.	Complaints about landlords	Reg
90.	Whistleblowing	Reg
91.	S72 notifications	Reg
92.	Registration/deregistration applications	Reg
93.	Complaints, review and appeals about SHR	ALL

Our corporate work

Ref	Description	Lead Grp
94.	**Governance & Finance**	
95.	Governance secretariat & support (Board, ARAC, Management Team and any short term working groups or programme boards)	DaBS
96.	Support Risk, Budget & Performance management at operational and Board level	DaBS
97.	Support audit functions and production and presentation of our annual report and accounts	DaBS
98.	Engage with the Scottish Government on the next spending review	DaBS
99.	Engage with Scottish Government around shared service delivery issues	DaBS / CE
100.	**Communications**	
101.	Promote our profile proactively in the media, with stakeholders and via social media in line with our communications strategy	DaBS
102.	Continue to develop our in-house capacity to produce high quality accessible publications	DaBS
103.	**Business Intelligence**	
104.	Provide user support and helpdesk for landlords	DaBS
105.	Manage BI contracts and support governance oversight	DaBS
106.	Scope and deliver a programme of software developments to ensure that our BIS remains aligned with our continuously evolving business requirements	DaBS
107.	Maintain compliant licensing agreements	DaBS
108.	**Change Management**	
109.	Complete change programme recruitment and support induction of new staff	DaBS
110.	Facilitate a programme of learning, development and wellbeing	DaBS
111.	**Office Environment**	
112.	Liaison with building manager around ongoing changes to the wider office building	DaBS
113.	**Statutory Duties** Meet our statutory duties as a public body on other corporate compliance activities (these can include submission of annual returns and/or compliance with standards) such as:	
114.	Equalities	ALL
115.	SPSO complaints handling and reporting duties	ALL
116.	Freedom of information requests	ALL
117.	Freedom of information reviews	ALL
118.	Liaison with the Information Commissioner on any Freedom of information appeals	ALL
119.	Data protection	ALL
120.	Liaison with the Information Commissioner on any appeals or data breaches	ALL
121.	Procurement	ALL
122.	Records management and information security	ALL
123.	Whistleblowing	ALL
124.	Public service reform	DaBS
125.	Environmental & biodiversity Climate change report	DaBS
126.	Digital & cyber security	DaBS
127.	Business continuity	DaBS

128.	Health & Safety	DaBS
129.	Corporate Parenting	DaBS

Ref	Risk	Issues most likely to lead to the risk crystallising (these will change over time)	Likelihood	Impact	Score	Direction of travel
OA	**We do not achieve our statutory objective of safeguarding and promoting the interests of tenants, people who are homeless, and others.**	*This is the over-arching risk to SHR. By this we mean we fail to prevent significant harm to tenants, people who are homeless or service users. The scoring reflects our aggregate assessment of our risk environment, reflecting on all risks in the register*	4	10	40	
R1	We experience a significant reduction in quality or break in shared services from Scottish Government, which impacts on our ability to operate effectively.	• Scottish Government experiences significant operational challenges in maintaining acceptable operational service delivery, for example due to high volumes of recruitment • Scottish Government diverts resources from core shared services to deal with a crisis such as a no-deal Brexit	7	7	49	
R2	Our regulatory framework does not work effectively	• We are diverted due to pressures from serious casework • We experience a high level of staff absences or vacancies • We are unable to continue to identify sufficient numbers of suitable statutory appointees (Board members and managers) • We do not have the necessary expertise to implement the framework effectively • We have insufficient capacity to operate the framework effectively even when we have a full staffing complement • We have misjudged the context for social housing / the context shifts so significantly that our framework is no longer relevant • We fail to find an appropriate RSL rescue partner and as a result a landlord becomes insolvent	5	9	45	
R3	We lose stakeholder support	• Issues arising from casework impact on stakeholder confidence • Stakeholders disagree with significant aspects of our new regulatory framework because they believe it does not take enough account of their feedback • Stakeholders oppose how we implement our new regulatory framework • Our reliance on appointees from bodies we regulate is – or is judged to be - 'regulatory capture' • A landlord insolvency dents stakeholder confidence, particularly lender confidence • Stakeholders have an unrealistic view of what we can deliver with the level of resources available to us	3	8	24	
R4	We suffer a serious business failure	• We fail to deliver a new website and are unable to continue to use our existing platform • We suffer a failure of our core BI or IT systems • We experience a serious cyber attack • We cannot occupy our office accommodation, e.g. because of a safety issue	3	8	24	
R5	We fail to comply with the duties and expectations as a public body	• We experience a high level of staff absences or vacancies • We have insufficient capacity to respond effectively to existing or new requirements even when we have a full staffing complement • We suffer a serious data breach • We do not operate within our budget	3	7	21	
R6	We suffer reputational damage as a result of a development outwith our control	• The changing policy landscape brings additional regulatory expectations, e.g. around homelessness and Gypsy/Travellers services, which we are unable to respond to • A major service failure in a social landlord is perceived to be a failure of regulation • A system challenge or change in social landlords' operating environment damages the interests of tenants, people who are homeless or service users, or puts landlords at risk	3	7	21	

7.   26 March 2018 – cover paper for annual report and accounts – the rest is covered by exemptions set out in Appendix A

The Board of the Scottish Housing Regulator

Subject:	**Annual Report narrative**
Purpose:	**Decision**
Agenda item:	**AG6 03/19**
By:	**Michael Cameron**
	Contact telephone number: 0141 242 5561
Meeting date:	**26 March 2019**

1.   Introduction & Purpose

1.1   This paper and appendices proposed the narrative for our 2018/19 annual report narrative. It also explains the arrangements for production of the accounts and the run up to publication in September 2019. The Board will have an opportunity to comment on the final designed version of the narrative in May ahead of audit. This will include all the year-end figures yet to be calculated.

2.   Recommendations

2.1   We are asking the Board to approve the annual report narrative and to note the next steps that we will work on to prepare it and the accompanying accounts for audit and publication in September 2019.

3.   Contribution to statutory objective and regulatory priorities

3.1   The annual report narrative is an important way of demonstrating to stakeholders and to the Scottish Parliament how our work contributes or our statutory objective and regulatory priorities.

4.   Communication plan

4.1   We will lay the annual report and accounts before the Scottish Parliament and publish it in September 2019. Thereafter the Local Government and Communities Committee will invite the Chair and Chief Executive present the report to it for scrutiny. We will use press releases, our website and social media to promote the report to stakeholders.

5.   The assurance & production process

5.1   We have used a design template to produce the narrative for the annual report to help streamline further design work. From March to May we will add in year-end figures and continue to refine the design work – for example by updating the contents page. We will present the final designed version including year figures to the Board in May for comment. This will allow us to incorporate the Board's feedback on design prior to audit in May.

5.2   We are currently preparing the accountability report and financial statements, which form the accounts for 2018/19. We are seeking to streamline in-house design work on the accounts section so that most of this is as complete as possible before Scott Moncrieff audit the annual report and accounts in May 2019.

5.3   ARAC will consider the full narrative and accounts alongside audit feedback in June 2019. It will then consider if it can agree (in line with the Audit Committee handbook) an assurance statement for the Board in August. This normally recommends that the Board approves, and the Accountable Officer signs, the Annual Report and Accounts for the year ended 31 March 2019.

5.4   Final design tweaks will take place following ARAC. The Board will receive the assurance statement from ARAC in August and the full final designed package for approval to sign by the accountable officer in August 2019. A summary of the next stages in the process is appended.

6.   Risks and implications

6.1   **Financial** – none, design work will be carried out in-house.

6.2   **Legal** – none

6.3   **Environmental** – none, we will only publish online.

6.4   **Equalities & Diversity** – none

6.5 **Privacy & Data Protection** – none

6.6 **Communications & Media** – see section four for details.

3.2 **Reputation** – Production of our annual report and accounts alongside the associated audit and scrutiny is an important way for SHR to demonstrate accountability to the Scottish Parliament and our stakeholders.

6.7 **For Regulated Bodies** – none

Appendix One

The process for producing the annual report and accounts

1. The Board agreed an outline narrative structure on 19 February 2019.

2. The Board will consider draft narrative on 26 March and an indicative design.

3. Staff will work with the Chair to finalise the performance report narrative.

4. The designed version will be included in the 14 May Board pack for final comments prior to audit.

5. Scott Moncrieff will audit our 2018/19 report and accounts onsite from 20 May 2019.

6. The ARAC will consider the report and accounts at its meeting on 19 June 2019 and agree if it can recommend in its annual assurance statement the full package to the Board for signing by the accountable officer.

7. The Board will consider ARAC's assurance and agree, then witness the Chief Executive as accountable officer, sign hard copies of the annual report and accounts on 6 August 2019.

8. We will lay the report and accounts before the Scottish Parliament and publish both the full pack and the overview report only version by the end of September 2019.

9. Thereafter the relevant Scottish Parliament Committee will invite the Chair and Chief Executive to present and take questions on SHR's work.

8.   14 May 2019 – Extracts Chief Executive's report – the rest is not in scope

When we launched the new Regulatory Framework on 1 April we published **Frequently Asked Questions** (FAQs) to help landlords to implement the new requirements around self-assurance. In the month of April the FAQs page had 393 views, and the average time spent on the page was 3 minutes and 29 seconds. By the time of writing, we had had only a few direct questions form landlords and so have not had to update the published FAQs. We anticipate use of the FAQs increasing as we get closer to the submission date for landlords' Annual Assurance Statements. We will continue to monitor visits to the FAQs page on our website. Our recent engagement with landlords has indicated that the launch of the framework has generated a great deal of discussion between landlords as well as work within individual landlords around the practicalities of getting sufficient assurance to allow Boards to sign off the assurance statement. This is positive as one of the aims of the new framework was to encourage landlords to have a greater focus upon regulatory compliance.

I attended the first meeting of the SFHA-led steering group for the development of the **Toolkit** aimed at supporting governing body and committee members on self-assurance. The group agreed an outline project brief and plan. This aims to produce by July a first cut of the questions board and committee members should be asking to get the assurance they need to make the Annual Assurance Statement.

In our response to the consultation on the new Regulatory Framework we committed to work with representative bodies to develop guidance for social landlords on equality and human rights. The steering group for the development of the Toolkit has agreed that this work should form a priority workstream for the project. I met with the Equalities and Human Rights Commission to discuss its participation, and while their representatives were enthusiastic about the project, they were not able to commit to any significant level of participation. It is likely that they will not be in a position to do much more than provide high level advice to the project. They asked that I write to them with a proposal. I will also engage with the Scottish Human Rights Commission.

I also met with the Scottish Government's Director of Housing and Social Justice to discuss the possibility of funding for the project. She indicated that the Scottish Government would be willing to consider funding, and I will liaise with the SFHA on submitting a business case.

The Board is aware that the test, or 'beta', phase of our **new website** went live on Thursday 2 May. The beta phase runs until early June.

We have designed the new site with an emphasis on being easy to navigate and find information, and to work well with different devices (tablets, mobiles as well as laptops and computers). The design has also focused on the need for the site to be accessible for everyone and to take account of forthcoming accessibility regulations that will apply to us shortly. So you will see, for example, that we have published all of the new regulatory framework and statutory guidance in 'html' format (as well as pdfs). This means users can access the text direct from the webpage rather opening a further (pdf) document. This approach makes the site more accessible.

During the beta phase we will seek feedback in a number of ways. We are setting up sessions for a small number of our National Panel members and landlord staff to test the site on a one to one basis with the developer. We have asked our staff to test the site, and we will request feedback from our tenant advisors. The website itself has a survey which we have encouraged users to complete.

We will reflect on all the feedback with the web developer once the beta phase is complete and make further adjustments and improvements to the site. And we will also continue to populate the site it with more information. We will move fully to the new site and close our existing site in the summer.

9.   14 May 2019 – Extracts Policy developments in homelessness the rest is covered by exemptions set out in appendix A

Official - sensitive

The Board of the Scottish Housing Regulator

Subject:	**Policy developments in homelessness**
Purpose:	**For information**
Agenda item:	**AG4 05/19**
By:	**Michael Cameron**
	Contact telephone number: 0141 242 5566
Meeting date:	**14 May 2019**

1.   Introduction & Purpose
1.1   This paper provides the Board with an update on policy developments in homelessness and sets out implications for our approach to regulating councils' delivery of services for people who are or may become homeless.

2.   Recommendations
2.1   The Board is asked to note and discuss the recent policy developments in homelessness and the implications for how we regulate councils' delivery of services for people who are or may become homeless.

3.   Contribution to statutory objective and regulatory priorities
3.1   Our approach to regulating homelessness is fundamental to us achieving our statutory objective and is one of our key priorities for the next three years.

4.   Communication plan
4.1   No communication plan is required for this report.

5. Policy developments in homelessness

5.1 The Scottish Government established the Homelessness and Rough Sleeping Action Group (HARSAG) in October 2017 to provide recommendations to the Scottish Government on the following four areas:
- ways to minimise rough sleeping this winter
- how to eradicate rough sleeping for good
- ways to transform temporary accommodation
- how to bring about an end to homelessness in Scotland

HARSAG published a wide-ranging set of recommendations in June 2018. Members can read this report on the Scottish Government's website at https://www.gov.scot/binaries/content/documents/govscot/publications/factsheet/2018/06/homelessness-and-rough-sleeping-action-group-final-report/documents/c98c5965-cabf-4933-9aae-26d9ff8f0d12/c98c5965-cabf-4933-9aae-26d9ff8f0d12/govscot%3Adocument

5.2 In response to HARSAG's recommendations, the Scottish Government and CoSLA published *Ending Homelessness Together: High Level Action Plan* in November 2018. A number of the agreed actions have implications for our regulation of councils' delivery of services for people who are or may become homeless, and principally those around:
- Rapid rehousing
- Extension of the Unsuitable Accommodation Order
- Standards for temporary accommodation
- Tenancy sustainment

Members can read *Ending Homelessness Together: High Level Action Plan* on the Scottish Government's website at https://www.gov.scot/publications/ending-homelessness-together-high-level-action-plan/

Rapid Rehousing

5.3 The Action Plan includes the following action:

"We will ensure a national shift towards rapid rehousing by default, including Housing First, to prevent homelessness by prioritising settled housing for all. Every local authority will submit a rapid rehousing transition plan (RRTP) by the end of 2018"

Rapid rehousing is defined as "the priority and default solution for people who are homeless or at risk of homelessness to move them into mainstream, settled accommodation as quickly as possible."

5.4 The Action Plan set the RRTP to have a five year timescale to run from April 2019. The Scottish Government provided funding of £2 million to support the development of RRTPs. It also changed Local Housing Strategy guidance to ensure rapid rehousing and the associated plans are part of the strategic planning framework, along with Strategic Housing Investment Plans.

5.5 The Action Plan goes on to say that:

"Throughout 2019 we will work with local authorities and delivery partners to review and support the implementation process, and assist with the changes required to system and culture as we move to adoption of the rapid rehousing approach as the working model in every part of Scotland."

5.6   The Scottish Government asked all Scottish councils to prepare and submit to it a RRTP by the end December 2018. All councils have now submitted RRTPs and the Scottish Government has started the process of reviewing each plan and giving feedback to each council. It will use its assessment of the RRTPs to decide how it will distribute a further £15 million to support the implementation of the plans. The Scottish Government hopes to have revised plans from each council, and to have agreed the distribution of funding, by the end of May.

Extension of the Unsuitable Accommodation Order

5.7   The Action Plan includes the following action:

"We will extend the Unsuitable Accommodation Order, restricting time spent in unsuitable accommodation to seven days."

The Unsuitable Accommodation Order restricts to seven days the time that families with dependent children and pregnant women can be placed in temporary accommodation that is deemed to be unsuitable against criteria set in the Order.

5.8   The Scottish Government will shortly issue a consultation on extending the Unsuitable Accommodation Order. It is proposing to extend the order to cover all households that are homeless. The Scottish Government is proposing a role for SHR in monitoring compliance with the order, and will welcome suggestions of alternative sanctions and whether there could be enhanced responsibilities for the Scottish Housing Regulator.

Standards for temporary accommodation

5.9   The Action Plan includes the following action:

"We will introduce the means to enforce and monitor standards for temporary accommodation in all tenures. Building on existing work, we will consult on and co-produce new standards for temporary accommodation with stakeholders, including, providers, commissioners and those with direct personal experience of living in temporary accommodation. These standards will ensure that any time spent in temporary accommodation causes minimal harm and disruption to people's lives and supports them in getting back to a settled home that meets their needs. We will work with the Scottish Housing Regulator to explore options for enforcing new standards and we will review relevant data collections to ensure we can assess impact. We will publish and implement the new standards by 2023."

5.10   The Scottish Government will shortly issue a consultation on standards in temporary accommodation. It is proposing a two stage process. In Phase 1 it will create Scottish Government advisory standards based on the Guidance on Standards for Temporary Accommodation published by CIH and Shelter Scotland in 2011. Members can read the guidance on Shelter's website at https://scotland.shelter.org.uk/__data/assets/pdf_file/0009/322677/Temporary_Accommodation_Guidance.PDF/_nocache

5.11   In Phase 2 it will co-produce a standards framework that can apply across all types of temporary accommodation in order to ensure a consistent quality and level of service provision. It intends to look at how the proposed framework of standards can be enforced and consider whether legislation is required.

Tenancy sustainment

5.12   The Action Plan includes the following action:

"We will increase the focus on sustaining tenancies ensuring that support is available for those who need it. Preventing people from losing their home will be a priority in our efforts to end homelessness and rough sleeping. An important way of doing this is ensuring the right tenancy sustainment support is available at the right time. We will work with the Scottish Housing Regulator to understand the current position on the housing support duty, and we will audit current expectations, delivery and plans for tenancy sustainment as a part of rapid rehousing transition plans. This will inform the development of best practice/an action plan to maximise tenancy sustainment, working with the Scottish Housing Regulator. Tenancy sustainment forms part of the rapid rehousing transition plans that each local authority is working on, and we will identify ways to work with social housing providers to use all opportunities to support housing sustainment, and we will take a specific focus on how similar approaches could be applied in the private rented sector. We will specify expectations resulting from this work in the Code of Guidance."

5.13 The Scottish Government has not yet engaged with us on this topic.

Section 6 has been removed as we are applying exemptions as set out in Appendix A to this information.

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7.   Risks and implications

7.1   **Financial** – there are no direct financial implications from this paper, although the risk of legal challenge discussed above would bring the potential for significant legal costs for SHR.

7.2   **Legal** – I have set out the legal risks to SHR in main body of the paper.

7.3   **Environmental** – none.

7.4   **Equalities & Diversity** – none.

7.5   **Privacy & Data Protection** –none.

7.6   **Communications & Media** – none.

7.7   **Reputation** – I have set out the reputational risks to SHR in main body of the paper.

7.8   **For Regulated Bodies** – none.

10.   14 May 2019 - Annual risk assessment outcome – redactions are covered by the exemptions set out in Appendix A

The Board of the Scottish Housing Regulator

Subject: **Annual risk assessment**

Purpose: **Assurance**

Agenda item: **AG 5 05/19**

By: ███████

                         ████████████████████████

Meeting date: **14 May 2019**

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1.   Introduction & Purpose

1.1   The purpose of this report is to provide the Board with further information about the outcomes from our annual risk assessment for Registered Social Landlords (RSLs) and local authorities' housing and homelessness services.

2. Recommendations

2.1 The Board is asked to note the outcomes from the annual risk assessment.

3. Contribution to statutory objective and regulatory priorities

3.1 Our statutory objective is to protect the interests of tenants and others who use the services of social housing landlords.

3.2 Our statutory functions are to monitor, assess and regularly report on all local authorities' and RSLs' performance of housing activities and to monitor, assess and regularly report on RSLs' financial well-being and standards of governance. We have powers to intervene where appropriate.

3.3 Our annual assessment of risk is the principal means by which we monitor and assess landlords. The annual risk assessment determines the level of engagement we need with local authorities and RSLs to achieve our statutory objective to safeguard and promote the interests of tenants and other service

4. Communication plan

4.1 We published the outcomes from our annual risk assessment on 1 April 2019. For the first time, we published engagement plans for all RSLs and for local authorities. We also published a summary outcomes document. The housing e-zines all ran factual articles about this. We have also met representatives from UK Finance to discuss the outcomes from the risk assessment.

5. Progress

5.1 The Board agreed the methodology for our most recent annual risk assessment at its meeting on 30 October 2018.

5.2 The Board approved our proposal to base our assessment of risk on an analysis of the following key areas:
- Service quality (local authorities and RSLs):
- Homelessness (local authorities and RSLs)
- Stock quality (local authorities and RSLs)
- Financial health (RSLs only)
- Development (RSLs only)
- Systemic importance (RSLs only); and
- Governance (RSLs only).

5.3 The Board also noted that we were carrying out our risk assessment at the same time as we were consulting on the review of our Regulatory Framework. The Board agreed that risk assessment was therefore to be based on the framework in place at that time and would use the information and intelligence that we gathered at that time from local authorities and RSLs.

5.4 However, the Board also agreed that we should start the transition to the new Regulatory Framework which came into effect on 1 April, with a particular eye to the final products.

5.5 One of the key changes in the new framework is the provision of Annual Assurance Statements from local authorities and RSLs. We will start to receive these from April 2019 and they will all be submitted by the end of October 2019. This means that these were not available for this risk assessment.

5.6 Another significant change proposed for the new framework is the introduction of an engagement plan for all landlords. We have therefore published details of the regulatory engagement we will have with all local authorities and with all RSLs (previously we published regulation plans only for those RSLs which needed high or medium engagement) to reflect the start of the implementation of our new Regulatory Framework

5.7 The third key change in the new framework is that for RSLs, we will publish a regulatory status which reflects our judgment on their compliance with the regulatory standards and requirements (ie. compliant/working towards compliance/statutory action) rather than, as we have previously, our level of engagement (High/Medium/Low). Until we receive the assurance statements for all landlords however we have currently only published a regulatory status for those RSLs where we are taking statutory action. We will transition to publishing a regulatory status for each RSL by the end of 2019/20.

6. Risks and implications

6.1 **Financial** – there are no financial implications from this paper.

6.2 **Legal** – None

6.3 **Environmental** – None

6.4 **Equalities & Diversity** – None

6.5 **Privacy & Data Protection** – None

6.6 **Communications & Media** – I have set out the approach that we took to communications in the paper.

6.7 **Reputation** – The publication of engagement plans for all landlords marked the implementation of our new Regulatory Framework. Generally the response from landlords has been supportive and where we have been asked questions about our approach and the reasons for our regulatory judgement, we have discussed this with individual landlords to explain our position.

6.8 **For Regulated Bodies** – The publication of engagement plans for all landlords will increase the transparency of our engagement with all landlords (and particularly local authorities) rather than just RSLs that we previously considered high or medium engagement. We will also publish a regulatory status for all RSLs once we have considered their assurance statements which should be submitted to us by the end of October.

Outcomes

1.0 The outcomes from our 2019 compared with 2018 risk assessments are as follows:

Outcomes	Local Authorities		RSLs	
	2018	2019	2018	2019
Standard Engagement	12	2	27	49
Nudges	-	4	67	31
Additional Assurance	28	26	64	76

Notes:
- **Standard engagement** involves assessing the regulatory returns received from landlords.
- A **nudge** is where we have a concern about a single aspect of a landlord's performance. We draw this matter to their attention as we may engage later if the issue is not addressed.
- **Additional assurance** means that the risk assessment has flagged one or more issues and we will engage with the landlord to gain additional assurance as to how the interests of tenants and service users are being protected.

1.1 The table below gives an overview of the main reasons for our engagement with RSLs:

RSL size (by number of homes)	Finance £	Development	Governance	Service quality
Fewer than 1,000	10	1	17	0
1,000 to 5,000	23	5	07	2
5,000 to 10,000	9	0	0	0
More than 10,000	1	0	1	0

1.2 The table on the next page gives an overview of our engagement with local authorities:

We will engage with **23** local authorities on	We will engage with **8** local authorities on	We will engage with **6** local authorities on	We will engage with **0** local authorities on
Homelessness	**Gypsy/Traveller sites**	**Service quality**	**Stock quality**

1.3 We are currently using our statutory powers to intervene in five RSLs:

- Arklet
- Fairfield
- Ruchazie
- Thistle
- Wishaw and District.

1.4 Some RSLs are of a size, have a level of turnover and debt or a geographical location that means it could be more difficult for us to fulfill our statutory objective of protecting the interests of tenants and others if they were to experience financial difficulty. We refer to these RSLs as systemically important. This year, we have identified 21 RSLs as systemically important which is two less than last year. The two that were removed were Queens Cross and West of Scotland.

Service quality

1.5 We collect data on performance from all social landlords through the Annual Return on the Charter. This includes data on key issues which affect tenant safety such as compliance with gas safety checks and emergency repairs response times.

1.6 As in previous years we have assessed performance with a view to identifying those landlords whose reported poor performance across a number of indicators suggests there is a potential risk to tenants and other service users' interests.

1.7 We also considered those things that tenants and other service users tell us matter most to them, through our National Panel and engagement with Regional Networks of Registered Tenants Organisations and our Tenant Advisors.

Poor performance on a number of indicators has triggered some form of engagement, for example, we would ask for additional information to give us assurance. We decided that as in previous risk assessments, this year an RSL had to be triggered for five indicators or more before we decided to engage with it. This means we will be engaging with two RSLs (Paragon and Fyne Homes) where the main reason for our engagement is service quality - this compares with no RSLs last year. We will also engaged with a small number of local authorities who were triggered for a smaller number of indicators because we need assurance about the deterioration in performance for specific indicators e.g. gas safety.

We have also taken into consideration our recent work with those landlords that provide Gypsy/Traveller's sites to assess their compliance with the required minimum site standards. We will engage with those landlords that have told us that their sites will not meet the standards until later this financial year and the landlord that does not know when the standards will be met for its site.

Finally, we considered overall satisfaction with factoring services and the Charter Indicator on the percentage of factored owners satisfied with the factoring service they receive for those landlords that provide a factoring service. This resulted in us nudging four additional landlords - one RSL (Hebridean Housing Partnership) and three local authorities (Aberdeen City, Highland and West Lothian).

Homelessness

1.8 Services to homeless people continue to be the main reason for our engagement with local authorities. In 2019/20, we will be engaging with 23 local authorities on one or more of the following aspects of their homelessness services:
- How people access the service (18 local authorities);
- The assessment of homelessness applications (20 local authorities);
- Access to and the quality of temporary accommodation (15 local authorities); and
- Outcomes for people who are homeless (22 local authorities).

1.9 Last year we engaged with 20 local authorities on homelessness.

1.10 All 32 local authorities have been asked by the Scottish Government to produce rapid re-housing transition plans. This was a key recommendation from the Homelessness and Rough Sleeping Action Group (HARSAG), appointed by Scottish Ministers to identify what was needed to eradicate rough sleeping and transform the use of temporary accommodation in Scotland. We will review our engagement with local authorities when they have finalised their rapid rehousing transition plans.

Stock quality

1.11 In previous years' risk assessments of stock quality, we have focussed on landlords' compliance with Scottish Housing Quality Standard (SHQS). The original target for this was compliance by 31 March 2015 although landlords also have an ongoing obligation to ensure that their properties continue to meet the standard. More recently, we also considered compliance with the Energy Efficiency Standard for Social Housing (EESSH).

1.12 Last year, we highlighted those landlords where EESSH compliance was less than 50%. EESSH compliance in the sector was 78.3% as at 31 March 2017 and has increased to 84.9% this year. SHQS compliance has also increased from 93.6% to 94.6% over the same period.

1.13 This year we therefore agreed an approach which takes into account the high levels of landlords' compliance with SHQS. Our review of the regulatory framework will also reduce the number of indicators that we collect on SHQS and EESSH from 2020.

1.14 We have therefore focussed our assessment on where there had been a deterioration in performance and where the ARC information raised questions about the quality of stock condition information landlords hold. We have updated this information with intelligence gathered from our engagement with landlords over the year.

1.15 Stock quality was not the main driver for engagement in any of the 65 regulation plans we published on 29 March 2018 and that is the case again this year.

Financial health

1.16 When we consider financial risk we look at the risk or probability that an RSL will not comply with Regulatory Standard 3, particularly around financial well-being. During our regulatory engagement with an RSL we also consider whether it has demonstrated effective financial management, planning and control.

1.17 We agreed with the Board that we would continue to consider the following themes:
- General financial well-being;
- Rent levels and welfare reform;
- Pensions;
- Other development activities and group structures;
- Development;
- Treasury; and
- Other regulatory information.

1.18 This year we are engaging with 43 RSLs where the main reason for our engagement is finance. This compares to 38 last year. One of the key reasons for this increase is because we have identified a number of RSLs who need to refinance or are developing this year and who have told us they need to raise additional finance to support these plans. Given our recent experiences with some problem cases, we have asked these RSLs to provide us with additional cash flow information and updates on their funding plans.

1.19 Our initial risk rating is the product of a structured, quantitative analysis of the information that RSLs provide through the loan portfolio, financial projections and audited accounts. There after we carry out a qualitative review (known as moderation) whereby we take into account all of the contextual knowledge that we have about each RSL to arrive at a final risk rating.

Low Risk	The RSL's financial profile has provided us with sufficient assurance about its financial position and forecasts over the next five years. Last year, the initial risk rating of 118 RSLs was Low. Following moderation there were 127 RSLs rated as Low.
Medium Risk	The RSL's financial profile indicates we need engagement to gain further assurance about its financial forecasts or to work together on a distinct matter or process. Last year, the initial risk rating of 32 RSLs was Medium. Following moderation 29 RSLs remained Medium.
High Risk	The RSL's financial profile indicates we require intensive engagement to gain further assurance about potential risks to financial health over the following 24 months. Last year, the initial risk rating of 8 RSLs was High. Following moderation 2 RSLs remained High.

Development activities

1.20 Development remains a key risk area and we are continuing to see an increase in both the number of RSLs that want to develop and the units they plan to deliver. This year over 100 RSLs are planning to deliver over 30,000 new homes over the next five years.

1.21 As agreed with the Board we have as in previous years assessed the following six areas of development risk:
- Programme Scale – the size of the current programme for the next five years
- Programme Tenure – the provision of mid-market rent and low cost home ownership
- Programme Growth – the change in development plans between the previous three years outturn and coming three years programme
- RSL Growth - the impact of the programme on the RSL
- RSL Capacity – the recent experience of delivering a development programme over the past three years
- Consistency - between the Scottish Government and RSL financial planning information.

1.22 We then considered this information in light of the level of recent assurance (an assessment carried out within the previous three years) we have about developing RSLs' business plans.

1.23 Each RSL was given an overall rating of high, medium or low risk for development. Last year for those that were developing, 34 RSLs were rated high, 53 were medium and 14 were low. This year, 24 RSLs were rated high, 34 were medium and 50 were low.

Governance

1.24 While there are no universally agreed indicators of risk to governance, we have looked closely at the governance characteristics of our statutory interventions to date. All of our interventions within RSLs have come about as a result of governance failures.

1.25 In intervention cases the average length of tenure of members of the governing body has usually been above average and in many cases there were few if any new members joining the governing body in the two years preceding the intervention. Another characteristic of RSLs where we have had to intervene has been a very long serving senior officer and a long serving chair.

1.26 We cannot say definitively that a combination of a long serving senior officer, a long serving chair and a board where the average tenure is well above average cannot function in compliance with regulatory standards. But we have sufficient evidence to indicate that this type of profile for a governing body carries a heightened risk of a lack of effective challenge to the executive management of the organisation. So we looked closely at RSLs with this profile, in conjunction with information from our engagement with landlords to assess the level of risk in relation to governance.

1.27   We also considered staff turnover and absence rates as these, based on our experience may indicate a governance risk. And we considered how frequently the RSL rotates the appointment of its external auditor as we again know from our recent statutory interventions that this can pose challenges in ensuring that the auditors maintain independence and objectivity with clients when they have been in post for long periods of time.

1.28   We gather important information and regulatory intelligence on governance from our direct engagement with landlords. And, if there have been any reports by auditors under S72 of the Housing (Scotland) Act 2010, we have taken these into account. We evaluate all of the information that we hold using a structured judgement approach to determine the level of risk to our objective and therefore the level of engagement we need to have about governance.

1.29   We have also used the quantitative and qualitative information we gather from landlords in relation to:
- Group structures (number of subsidiaries, complexity of arrangements and nature of subsidiary activity);
- Notifiable events (number and nature of notifiable events and the governing body's response. We will also consider whether the fact that we have not received any notifiable events from some RSLs indicates potential risk);
- Constitutional changes (whether all RSLs have updated their constitutional requirements, and, where relevant any proposed or agreed changes to their rules which causes us concern); and
- Disposals (whether an RSL has obtained our consent for a disposal and has complied with our regulatory guidance).

1.30   We also considered qualitative information including complaints about landlords, whistleblowing and significant performance failures.

1.31   We are engaging with 25 RSLs where the main reason for our engagement is governance. This includes our current ongoing statutory cases and non-statutory engagement (compared to 27 RSLs last year).

11.   14 May 2019 – Risk Management Strategy

The Board of the Scottish Housing Regulator

Subject: **Risk management strategy**

Purpose: **For decision**

Agenda item: **5/19 AG6**

By: **Iain Muirhead**

                    Contact telephone number: 0141 242 5569

Meeting date: **14 May 2019**

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1.   Introduction & Purpose
1.1   This paper presents the Board with a draft updated risk management strategy.

2.   Recommendations
2.1   The Board is asked to consider and approve the proposed updated strategy (appendix 1).

3.   Contribution to statutory objective and regulatory priorities
3.1   Effective risk management is an essential part of good corporate governance -   identifying the most significant risks to achieving our statutory objective and prioritising our regulatory and corporate activities to mitigate those risks.

4.   Communication plan
4.1   Not relevant for this paper.

5.   Background