



Scottish Housing
Regulator

Annual Performance Report & Accounts 2023/24



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1. Welcome message from Chair & Chief Executive

The last year has been the most challenging for social housing since SHR was established in 2012 and the challenges look like they will continue into 2024-25 and beyond.

The pressures on social housing are most acute in homelessness. Scottish Government statistics show that the number of people in temporary accommodation, the number of times that councils fail to provide temporary accommodation, and the number of breaches of the Unsuitable Accommodation Order are all at record levels. In December we updated our earlier homelessness thematic review to highlight that systemic failure is now impacting on the homeless services provided by local authorities (LAs). Put simply, for some councils the demands in the homelessness system – the number of people who are homeless, and the level of need they have – exceed the capacity in the system to respond, particularly the availability of suitable temporary and permanent accommodation. The increase in capacity that is needed goes beyond that which the impacted councils can deliver alone. That is what we mean by systemic failure. We expect all social landlords to make their best efforts to meet statutory obligations on homelessness and we have set that out in our engagement plans for landlords.

We often reflect on the wider benefits of social housing and the contribution it makes to many of the Scottish Government's National Outcomes, not least around reducing child poverty and improving health outcomes. We know that social landlords will strive to sustain that contribution, but we see in landlords' financial projections and through our engagement with landlords that their capacity to do so is being severely impacted by cost inflation, higher interest rates and tightening of public finances. These strains in the system will have other implications for landlords and tenants including a reduction in housebuilding, restrictions on maintenance expenditure, and less being spent on work to support tenants to stay in their homes. Most landlords have yet to factor in future costs for achieving the new Social Housing Net Zero Standard. This is all set against the backdrop of the acute pressures in homelessness and on housing lists.

Many tenants are facing significant financial hardship as a result of the cost-of-living crisis. Social landlords are also being impacted by increasing demands and rising costs, some of which have increased well above the headline rate of inflation. All of this is happening at a time when tenants and their families – and social landlords – are still recovering from the impact of the COVID-19 pandemic.

In June our National Panel of Tenants and Service Users, highlighted the significant and worsening financial difficulties being experienced by tenants. In December we reported that while most Registered Social Landlords (RSLs) had coped well with the financial challenges they faced, their projections showed that their finances are tightening and that they will have less financial resilience to respond to further challenges. In March we reported that the financial strength of RSLs was weakening in the face of the tough economic and operating conditions.

The current context is testing and stretching the resilience, capacity and confidence of social landlords in a way that we have not seen before. Despite this, we reported in August 2023 that most are performing well against the standards and outcomes of the Social Housing Charter for

their tenants. However, even then we could see signs of the challenges they will face in sustaining those levels of performance, and we will report on the Charter again in August 2024.

The coming years are likely to remain unpredictable, volatile and difficult for those who rely on social housing and for those who provide it. We will continue to deliver effective regulation, by monitoring and reporting on the performance of social landlords, and by promoting improvement where that is possible. We also recognise that social landlords will have to prioritise their attention and resources on the most critical and immediate issues, including tackling the acute problems in homelessness, decarbonising homes and alleviating fuel poverty, and maintaining tenant and resident safety in existing homes. They will have to do all of this while working to keep rents as affordable as possible. We will continue to work with our stakeholders to understand what are achievable priorities at a sustainable pace.

In addition to our ongoing regulatory work and publications, we carried out a review of our Regulatory Framework and we are implementing the resulting changes from April 2024. From our work with stakeholders, we know that they want continuity and a stable regulatory environment that supports the delivery of good outcomes for tenants and service users. We are grateful for their input to the review.

We would also like to thank our resilient and professional staff team, our Board members and all the tenants, service users and stakeholders who have worked with us. We have welcomed new staff during the year, and we said goodbye to colleagues who have retired during the year. In 2024-25, we look forward to welcoming a new Board member.

Finally, we would like to pay tribute to the hard work of all those who volunteer and work in social housing in Scotland and we recognise the challenge that is in the current context. Together, they continue to support some of the most vulnerable people in Scotland and make a major contribution to achieving the Scottish Government's National Outcomes.

George Walker, Chair and Michael Cameron, Chief Executive

2. Who we are and what we do

Who we are.

We are the independent regulator of social landlords in Scotland. Social landlords are RSLs – housing associations and co-operatives – and local authorities that provide housing and homelessness services. Our organisational structure is set out in section 4.4 below.

What we do

We regulate to safeguard and promote the interests of current and future tenants of social landlords, people who are or may become homeless, and people who use housing services provided by RSLs and LAs.

We regulate social landlords by:

- keeping a register of social landlords and making this available for the public – all landlords on the register need to meet regulatory requirements;
- monitoring, assessing and reporting on how well social landlords are run and how they manage their money – we call this governance and financial management; and
- taking action, where we need to, to protect the interests of tenants and other service users.

We do this in a way that:

- is proportionate, accountable and transparent - this means we are open about how we work and we take responsibility for our decisions;
- is targeted – this means we only take action where it is needed;
- encourages treating people fairly and promotes equal opportunities; and
- is consistent with the Scottish Regulators' Strategic Code of Practice.

[Who we are](#)

[Watch a video about who we are and what we do](#)

3. Overview - Our work performance & achievements

This is a summary of our work during the year grouped by the priorities we set out in our 2023-24 Strategy. Further detail on all of this work can be found in section four of our 2023-24 Annual Report – performance analysis.

Our Strategic Priorities for 2023-24:

1. We listened to tenants and service users and worked closely with all our stakeholders by:

- meeting with our [Regional Network SHR Liaison Group](#)¹
- carrying out research with our [National Panel of Tenants and Service Users](#);
- working with our new group of [tenant advisors](#);
- meeting regularly with our forums of Systemically Important, urban and rural RSLs;
- participating in a range of the Scottish Government's workgroups and task and finish groups with our stakeholders;
- having regular engagement with our stakeholders, including some direct meetings with our Board; and
- engaging with and giving evidence to Scottish Parliament Committees;

2. We regulated to support social landlords to meet their obligations and duties for tenants and those who use their housing services, with a focus on:

- landlords' meeting their duties to people who are or have experienced homelessness, with a particular focus on duties to provide appropriate temporary and permanent accommodation;
- the quality of the homes social landlords provide to their tenants and the standards of Gypsy/Traveller sites, particularly around energy efficiency and the safety of tenants and residents; and
- landlords being able to achieve the standards and outcomes in the Social Housing Charter and meet their wider obligations, while keeping rents affordable and providing value for money.

We did this by:

- carrying out a regulatory risk assessment of all social landlords, publishing engagement plans for all landlords in our [directory](#) of landlords, providing a regulatory status for RSLs and keeping these updated during the year;
- publishing information on the [risks that we focus on in our risk assessments](#);
- refreshing our [list of potential statutory managers](#);
- publishing social landlord annual assurance statements and providing guidance and thematic analysis to support landlords' preparation of their statements;
- updating our [thematic review of homelessness services](#);

¹ Regional Networks renamed Tenants Together from June 2024

- producing lessons learned on [effective recording of decisions and discussions to support landlords](#);
- welcoming the Scottish Federation of Housing Association's (SFHA) report on tenant and resident safety;
- collecting and publishing information on Reinforced Autoclaved Aerated Concrete (RAAC) in social housing;
- publishing our national report on social landlords' performance against the standards and outcomes of the Scottish Social Housing Charter, a suite of performance information including individual landlord reports, comparison tool and all the statistical information landlords provide under the [Charter](#);
- publishing our analysis of [RSL loan portfolios, Finance Forecasts and Financial Statements](#);
- keeping a [register](#) of RSLs; and
- considering as a prescribed person under legislation any whistleblowing reports made to us.

3. We reviewed our Regulatory Framework to ensure it remains effective and sustainable, enabling us to do the right things in the right way at the right time by:

- listening and taking account of feedback from our stakeholders to our discussion paper on our Regulatory Framework;
 - holding discussions with our stakeholders;
 - formally consulting on our Regulatory Framework and statutory guidance update proposals, taking account of feedback from our stakeholders, publishing independent analysis of the consultation and our response ([Our regulation of social housing in Scotland: consultation outcome | Scottish Housing Regulator](#));
 - publishing our new Regulatory Framework and associated statutory guidance;
 - seeking assurance from our internal auditors who reviewed how we carried out our review; committing to produce summary guidance for tenants and services users on the Framework;
 - committing to involve landlords in a future review of annual Charter returns; and
 - committing to publish information on notifiable events.
- Read more about our Regulatory Framework [here](#)

4. We demonstrated we are an effective public body by:

- operating within our budget;
- moving to a temporary office and agreeing plans for permanent space sharing with another public body;
- considering best value across all our work;
- publishing information on our contributions to climate change and [biodiversity](#);
- contributing to the Scottish Government's transformation of human resource and finance IT systems;
- maintaining our Cyber Essentials Plus accreditation;
- improving accessibility to our website;
- reporting on the [gender balance](#) of our Board and our contribution to [corporate parenting and children's rights](#) duties;
- welcoming new members to our staff team, completing an organisation-wide skills audit, reviewing our Learning and Development

Strategy;

- keeping our stakeholders up to date through our website, our twitter account - @shr_news and our SHR update ezine;
- participating in the [Civil Service People Survey](#);
- responding in line with our corporate targets and the statutory targets for Freedom of Information and Subject Access requests; and
- achieving substantial assurance from our internal auditor and an unqualified audit opinion from our external auditor.

5. We responded to the Scottish Government's public service reform agenda, including helping to shape future private sector regulation by:

- publishing our annual statement of compliance with the Public Sector Reform Act - [read our statement here](#);
- responding to information requests to Scottish Government on our contribution; and
- facilitating a meeting with the Scottish Government Team responsible for public service reform and our Board.

We managed risks to our objective and priorities. We also refreshed our risk register and risk management strategy.

4. Performance Analysis

Our Strategy

This section of the annual report provides further detail to that covered in the overview of our work and performance during 2023-24 and is aligned to our [Strategy for 2023/24](#), which we published in April 2023.

Our Strategy sets out our vision for well-run social landlords delivering what tenants, people who are homeless, Gypsy/Travellers and others who use social housing services need and want, and at a price they can afford to pay.

It also laid out our priorities for the year:

1. Listening to tenants and service users and working closely with all our stakeholders.
2. Regulating to support social landlords to meet their obligations and duties for tenants and those who use their housing services, with a focus on:
 - landlords' meet their duties to people who are or have experienced homelessness, with a particular focus on duties to provide appropriate temporary and permanent accommodation;
 - the quality of the homes social landlords provide to their tenants and the standards of Gypsy/Traveller sites, particularly around energy efficiency and the safety of tenants and residents; and
 - landlords being able to achieve the standards and outcomes in the Social Housing Charter and meet their wider obligations, while keeping rents affordable and providing value for money.
3. Reviewing our Regulatory Framework to ensure it remains effective and sustainable, enabling us to do the right things in the right way at the right time.
4. Being an effective public body.
5. Responding to the Scottish Government's public sector reform agenda, including helping to shape future private sector regulation.

In the Strategy we committed to achieving our objective & priorities by empowering tenants & others, supporting landlords to deliver for tenants and meet their obligations and duties, obtaining assurance from landlords, taking action when we need to, carrying out thematic work, promoting equalities and human rights, reviewing our regulatory Framework, and responding to the public service reform agenda.

We also published a summary of our work plans for 2023-24. [What we will do 2023/24 | Scottish Housing Regulator](#)

Our Strategic priorities

4.1 Listening to tenants and service users and working closely with all our stakeholders.

Involving tenants and service users in our work

Actively including tenants, homeless people, other people who use social housing services and their representatives in what we do is key to our work. Finding out what matters most helps us focus on the most important things and we hope our publications are helpful to everyone with an interest in social housing.

We carried out [research with our National Panel of Tenants and Service Users](#), which has nearly 500 members, reporting in June 2023. Feedback highlighted the significant and worsening difficulties being experienced by tenants. A quarter of members that responded said they are not managing well financially, and around three quarters felt that their financial circumstances were worse than twelve months earlier. Increased food and energy costs and the ability to heat homes were cited as significant issues. The vast majority of respondents were concerned about their future financial circumstances.

Our research also focused on rent levels and annual increases. Two in five respondents reported experiencing difficulties in affording their rent in the last year, up on the level for the previous year. Feedback linked these difficulties to heating costs, rent levels and other living costs.

We work with tenant representatives through the [Regional Networks SHR Liaison Group](#)². This is one of the ways we hear directly from tenants and service users. We meet regularly with tenants through the liaison group, which is made up of members of the four Regional Networks for Tenants and Residents across Scotland. These Regional Networks were set up as a way to help Regional Tenant Organisations engage with Scottish Government on issues of national policy. The liaison group gives us feedback on our work and also helps us make sure we focus on the important things. We publish [minutes](#) of these meetings.

Our [Tenant Advisors](#) bring tenants into the heart of our regulation of social landlords. Their feedback provides us with a tenant perspective to add to the other regulatory evidence we gather. During 2023-24 they worked with us on our review of our Regulatory Framework and projects to look at mould and damp, tenant participation and significant performance failures.

² Regional Networks renamed Tenants Together from June 2024

Reflecting on the benefits and wider impact of social housing, Board member Helen Trouten Torres said:

“I am a lone parent of two young sons, one of whom is disabled. Previously, we moved from place to place which was unsettling, stressful, expensive, lonely and exhausting. Our secure social tenancy had a massive positive impact on our mental and physical health. We were able to take up opportunities such as settling the kids at a local school. Having lived through the limbo of being without a safe, secure, affordable home for some years, there’s no doubt in my mind about just how important social housing and the services that social landlords provide are.”

Working closely with our stakeholders

We value continued feedback from our stakeholders and ensure that they have regular engagement opportunities to facilitate this. We participated alongside many of our stakeholders in the following Scottish Government working groups on:

- Scottish Government’s review of the Energy Efficiency Standard for Social Housing (ESSH);
- RAAC;
- short-term housing supply;
- human rights;
- Scottish Government’s Housing to 2040 Strategy; and
- rent affordability

We also met regularly with our urban landlord group and our rural and islands landlord group. We publish blogs about these meetings. In response to feedback, we set up a [forum of social landlords who use our Portal](#). Discussions with this group inform continuous improvement of the secure portal used by landlords to upload data and communicate with us. We publish the minutes from these meetings. We also met with systemically important RSLs. We met with a round table of advice agencies and are seeking to do this more regularly in 2024-25.

During 2023/24 we have welcomed the opportunity to give evidence to the Scottish Parliament’s Local Government, Housing and Planning Committee on mould and damp, our annual report and the Scottish Government’s Housing to 2040 strategy. We also gave evidence to the Scottish Parliament’s Social Justice and Social Security Committee on homelessness and temporary accommodation. We kept the Committees updated on all of our publications and news throughout the year.

Our Board seeks to hear from a broad range of our stakeholders. In addition to regular meetings and conference attendance the Board also welcomed the Housing Minister, the Regulator of Social Housing, the Chartered Institute of Housing (CIH), Shelter, the Office of the Scottish Charity Regulator (OSCR), UK Finance, Lesley Baird (consultant in the tenant sector), Scottish Government colleagues and the SFHA to Board meetings during the year. It looks forward to meeting directly with more stakeholders during 2024-25.

SHR Chair George Walker said:

“Hearing from our stakeholders is very important to us. We listen and use their feedback to inform what we focus on and how we work. We are very grateful to all our stakeholders for engaging with us at all levels in SHR.”

We continued to work to our [Memoranda of Understanding](#) arrangements with other regulators including the Scottish Public Service Ombudsman, Audit Scotland, the Care Inspector and the Office of the Charity Regulator. We are working with the Health and Safety Executive to establish a new arrangement.

4.2 Regulating to support social landlords to meet their obligations and duties for tenants and those who use their housing services, with a focus on:

- **landlords meeting their duties to people who are or have experienced homelessness, with a particular focus on duties to provide appropriate temporary and permanent accommodation;**
- **the quality of the homes social landlords provide to their tenants and the standards of Gypsy/Traveller sites, particularly around energy efficiency and the safety of tenants and residents; and**
- **landlords being able to achieve the standards and outcomes in the Social Housing Charter and meet their wider obligations, while keeping rents affordable and providing value for money.**

Each year we conduct a regulatory risk assessment to enable us to plan our engagement with social landlords. We publish information on our engagement with each social landlord in our engagement plans, and we publish a Regulatory Status for all RSLs. The Regulatory Status shows whether an RSL complies with the regulatory requirements, including the Regulatory Standards of Governance and Financial Management (the Regulatory Standards). We also highlight where a Regulatory Status is under review. Engagement plans and the regulatory status of RSLs is kept up to date throughout the year. We highlight updated engagement plans via the news section of our website.

We set out our approach and the risks we would focus on in our annual assessment in November 2023.

[Read about the risks we focused on.](#) These risks included homelessness, performance in delivering services, development, quality of homes, tenant and resident safety, financial health of RSLs and good governance in RSLs.

To align to our new Regulatory Framework, we will publish the outcome of our 2023-24 risk assessment at the start of April 2024. This will detail the levels of RSLs compliance with regulatory standards and requirements. We will also set out engagement plans for local authorities. For local authorities, we work through the risk assessment process with our partner scrutiny bodies, participating in the Scrutiny Co-ordination Group led by Audit Scotland to consider the full range of scrutiny activity for each local authority.

[Read engagement plans for all social landlords.](#)

We had no new or ongoing statutory interventions in social landlords during 2023-24. In January 2024 we completed a review of our statutory manager list. This is the list of people that we will select from if we have to make an appointment to a social landlord. The list of potential statutory managers will be in place for three years, and we will keep the list under review. [Read more about our statutory manager list.](#)

Each year social landlords submit an Annual Assurance Statement (Statement) to us, which should set out if they meet regulatory standards and requirements and if they do not fully comply, details on when they will make the necessary improvements to ensure compliance. We publish these statements and assess the statements as part of our regulatory risk assessment.

In early 2023 we visited 11 social landlords to understand how their approach to preparing the Statement and how they had assured themselves about compliance with Regulatory Requirements. In July 2023 we published a thematic review setting out our findings and wrote to all social landlord providing advice on preparing the Statements to be submitted to us by 31 October 2023.

[Read the thematic review.](#)

[Read our letter to landlords](#)

[Read the annual assurance statements published in November 2023](#)

In December 2023 we published an update to our thematic review of homelessness services in Scotland that we first published in February 2023. Our statement considered the Scottish Government's release of annual homelessness statistics in August 2023, our review of the Annual Assurance Statements submitted to us by all councils by the end of October 2023 and our on-going engagement with councils.

We reported that:

- in our judgement, the demands on some councils now exceed their capacity to respond and in others it soon will; and
- there is systemic failure in the delivery of services to people experiencing homelessness in some local authorities and an immediate risk in others.

We encouraged all councils to continue best efforts to respond to the challenges and meet their statutory obligations. We continued to engage with the councils which we believe are experiencing systemic failure. We also stated that we would work with the Scottish Government and other stakeholders to identify and implement actions that will address the acute issues in temporary and permanent accommodation for people who are homeless. From our risk assessment work and engagement with local authorities around service priorities we expect the impact will reach beyond just the provision of homelessness services. Some authorities temporarily paused some housing services during 2023-24. We will publish updated engagement plans in April 2024, which will reflect our assessment and engagement plans.

[Read our update statement on our thematic review of homelessness services in Scotland](#)

In May 2023 we published lessons learned on the effective recording of decisions and discussions by governing bodies of RSLs. This is part of our wider range of advisory guidance, and we commissioned this following the outcome of our 2022-23 risk assessment and engagement with a small number of RSLs on the effective recording of discussions and decisions.

[Read our lessons learned advisory guidance.](#)

In a follow up to earlier work with stakeholders, in May 2023 we welcomed a report on tenant and resident safety produced by the SFHA to help review and improve the way in which landlords manage instances of damp and mould in tenants' homes. [Read more on SFHA's website.](#)

In October 2023 we wrote to all social landlords to request information about RAAC. We requested this information to help provide a clear national assessment of RAAC in social housing in Scotland and to assist in the development of an appropriate policy response. We published the outcome of that survey in December 2023 and continued to publish further updates as landlords concluded investigations. We have continued to engage with those landlords that are still investigating whether RAAC is present in their homes to understand when these investigations will be complete. We are also engaging with those landlords who have reported having RAAC in their homes to get appropriate assurance about their management of RAAC issues, including how they are communicating with their tenants about this. [Read our letter to landlords](#)

In August 2023 we published our National Report on the Charter for 2022-23 and reported that social landlords continue to perform well against the standards and outcomes of the Scottish Social Housing Charter, despite the impact of ongoing challenges facing them and their tenants. The general picture shows:

- Almost 9 out of 10 tenants are satisfied with the homes and services their landlord provides.

Areas that matter most to tenants:

- Emergency repairs response time remains at 4.2 hours for the third year;
- Tenants satisfied with the quality of their homes decreased slightly to 84%;
- Tenants satisfied that their rent is good value for money decreased slightly to 82%;
- Average weekly rent in 2022-23 increased to £87.59;
- Tenants satisfied with their landlord's contribution to neighbourhood management decreased slightly to 84%;
- Anti-social behaviour cases which were resolved decreased slightly to 94%;
- First stage complaints responded to in full remained high, although down slightly to 95%; and
- Average rent in 2023-24 went up 5.1%

We also published a suite of performance information including individual landlord reports, a comparison tool, and all of the statistical information landlords provided under the Charter.

[Read our National Report on the Scottish Housing Charter](#)

[Read all landlord reports and use our comparison tool](#)

[See all the statistical information about landlord performance](#)

At the end of October 2023, we published our analysis of RSL loan portfolio returns for the period April 2022 – March 2023. We highlighted that the RSL sector retains lender and investor confidence but continues to face significant challenges. We reported that 25 RSLs arranged new finance during 2022-23, totalling £578 million and total agreed borrowing facilities to Scottish RSLs is now £6.71 billion. We also reported that RSLs plan to increase their borrowing by £1.47 billion over the next five years.

[Read our analysis of RSLs' annual loan portfolio returns.](#)

At the SFHA Finance Conference in November 2023 Helen Shaw, Director of Regulation said:

“An organisation that knows what is important to its tenants, has a good understanding of its houses and is regularly reviewing its business plan to understand what the impact of the economic challenges is will be in as good a place as possible to deal with whatever the year brings.”

In December 2023 we published our analysis of RSL financial forecasts for the next five years up to March 2028. We reported that RSLs' forecast finances remain robust, but landlords could face difficult trade-offs as finances tighten. Since the submission of forecasts, other factors that are likely to lead to further changes in projections include: continued pressures on the cost of living, increased requirements to address safety, quality, energy efficiency and decarbonisation of homes, economic volatility impacting inflation, borrowing costs and the labour market and wider geo-political instability.

[Read our full analysis report.](#)

Towards the end of March 2024, we published our analysis of RSL audited financial statements for the year to 31 March 2023. We reported that liquidity remains strong despite the challenging economic and operating conditions, but RSLs have reduced financial headroom and reduced capacity to respond to further challenges. We highlighted that RSLs' operating costs rose at a faster rate than turnover and increased by 5.7% to £1.6 billion, while their aggregate operating surplus after exceptional items dropped by 3.4% to just under £370 million. RSLs' interest cover also reduced, reflecting the tightening financial headroom.

Read our [Analysis of Registered Social Landlord Audited Financial Statements – 2022/23](#)

Shaun Keenan, Assistant Director of financial regulation said:

“Overall, the RSL sector's financial position is weaker than it has been for several years. And the scale of the financial challenges faced by RSLs since March 2023 remains significant, reflecting the continuing difficulties and volatility in their operating environment.”

“It is therefore important that RSLs continue to adjust their business plans in response to changing circumstances to manage their resources effectively to ensure their financial well-being, while maintaining rents at a level that tenants can afford to pay.”

We keep a public Register of Social Landlords ('the Register'). To be admitted an organisation must meet the registration criteria set out in the Housing (Scotland) Act 2010 and in the Regulatory Framework. During 2023-24 we did not register any new RSLs. We also considered and approved voluntary deregistration applications from two RSLs that transferred to other RSLs: West Lothian Partnership and Copperworks Housing Association. Our Internal Auditor conducted a review to evaluate and report on the controls in place to manage the risks surrounding SHR's Deregistration of RSL processes. The review provided a substantial assurance audit opinion, with one recommendation around updating advisory guidance that we completed as part of our Regulatory Framework review.

[Access our Register of Social Landlords](#)
[Read more about how to register as a social landlord](#)
[Read our guidance on de-registration here](#)

SHR is a "prescribed person" under whistleblowing legislation. You can [read more information for potential whistle blowers](#) and also about how we deal with whistleblowing concerns about a social landlord. During 2023/24, five whistle-blowers contacted us. One qualified as a protected disclosure. We sought further assurance from social landlords in one case.

Since 1 April 2019, we have required through our Regulatory Framework that all social landlords have effective arrangements and a policy for whistleblowing by staff and governing body/elected members which it makes easily available and which it promotes.

4.3 Reviewing our Regulatory Framework to ensure it remains effective and sustainable, enabling us to do the right things in the right way at the right time.

We are committed to reviewing our Regulatory Framework every five years. In June 2023 we launched a national discussion on the future of social housing regulation in Scotland. We invited all our stakeholders to share their feedback with us based on a [discussion paper](#) setting out initial suggestions on what might be needed or wanted to change. We reflected on the fifty-two feedback submissions and on the discussions with our stakeholders. We held discussions with tenant representatives, social landlords, organisations who work with people who are homeless and other service users, and with our wider stakeholders including lenders and funders. We spoke about the consultation at conferences and events.

Overall, they told us that the Regulatory Framework worked well, and remained largely relevant and appropriate. We saw a clear appetite from those involved in social housing for a period of stability. In October 2023 we launched our formal [consultation](#) on the Regulatory Framework and continued to engage with and listen to feedback from our stakeholders.

In February 2024, following further reflection on the responses to the consultation, we published:

- [independent analysis](#) of the sixty-four consultation responses;
- [our response](#) to the consultation;
- the new [Regulatory Framework](#); and
- updated [statutory guidance](#)

We will implement the new Framework and associated guidance from 1 April 2024. In response to feedback, we maintained much from the previous Framework. We introduced a new provision to enable us to request landlords to provide explicit assurance in the Annual Assurance Statement (AAS) on a specific issue or issues. We strengthened the emphasis on social landlords listening to tenants and service users, and amended the definitions of regulatory status to make it clearer when a RSL does not comply with regulatory requirements. We also enhanced clarity on the concerns that tenants can bring to us and how this fits with the other routes for tenants to complain to their landlord and the Scottish Public Services Ombudsman.

Access our new information leaflets [here](#).

Our Internal Auditors considered our review and provided substantial assurance.

We have committed to a comprehensive review of the Annual Return on the Charter, which we will consult on in 2024-25, working with landlords to develop proposals. In follow up to feedback, we will also provide further analysis information in 2024-25 on the type of Notifiable Events we receive and what we do with them.

We will produce a summary version of the Regulatory Framework aimed at tenants and service users early in 2024-25

Chief Executive Michael Cameron said:

“We are very grateful for all the constructive discussion and invaluable feedback from our stakeholders throughout the review process. We appreciate the time that everyone took to help shape our new Framework.”

4.4 Being an effective public body.

We spent £5.0 million of our £5.3 million revenue budget. We achieved savings primarily because we secured efficiencies in our office costs and because of longer lead-in times to recruit to the posts we had previously held vacant because of Scottish Government budget planning. We were able to return £130,000 of our revenue budget to the Scottish Government at mid-year review point to support in-year pressures in other areas of public expenditure.

We did not require our £0.4 million capital budget and were able to return this to Scottish Government for it to re-use. This budget was intended to pay for our contribution to the fit-out cost of a new office but was not required because the body we were due to co-locate with withdrew from the arrangement.

In April 2023 we moved office to George House in central Glasgow. This is a temporary space for us, sharing space and services with Transport Scotland. In March 2024 we considered options for a new permanent office and agreed to move to space within the Glasgow office of Social Security Scotland. We will move during 2024-25.

Both our current temporary space and our future office plans allow for effective home and office-based working and contribute to Best Value and Public Service Reform agendas.

The duty of Best Value applies to all public bodies in Scotland and is structured around seven themes. Since 2023, to help us monitor and demonstrate this in a systematic way, we have considered how the proposals and issues we bring to our Board contribute to Best Value. We continue to share a Data Protection Officer with Transport Scotland, which contributes to both Best Value and public service reform.

In November 2023 we submitted our annual climate change report to the Scottish Government. We also reported on how we deliver our biodiversity duties as a Scottish public body in December 2023. Our biodiversity activities during the year included some of our staff spending a volunteering day planting trees at Greenfield Park in Glasgow.

[Read our biodiversity report here.](#)

We continued to focus on cyber resilience. During the year we conducted a test exercise for our cyber incident response plan with our Business Intelligence system suppliers to test our preparedness and response in the event of a cyber-attack. We strengthened the cyber resilience of the secure password-protected online portal that social landlords use to submit data returns and notifiable events to us by introducing multi-factor authentication. Our migration to cloud-based software aligns to the Public Service Reform agenda. We renewed our Cyber Essentials Plus accreditation and committed to doing this annually to provide assurance both to us and to the landlords that use our social landlord portal. We enhanced the security of our website and updated its platform. We continue to participate in a range of Scottish Government groups relating to digital and cyber resilience and we are preparing to respond to the updated Public Sector Cyber Resilience Framework when it is published.

[Read more about multi-factor authentication](#)

[Read more about Cyber Essentials Plus accreditation](#)

The UK Government Cabinet Office assessed how well our website meets website accessibility regulations as part of a sample review of public sector websites. The review tested our website against the most common barriers to users with accessibility needs and reviewed our accessibility statement. We made improvements to our website in line with the Cabinet Office's recommendations.

[Access our website](#)

In April 2023, we reported on our contribution to gender equality on public boards in Scotland. During 2023-24 we had four women and four men on our Board. [Read our progress update.](#)

We published our Corporate Parent Plan and Children's Rights Report in December 2023. [Read these here.](#)

We welcomed our budget settlement for 2023-24, which allowed us to recruit to fill vacancies which we had been holding. We have welcomed and successfully inducted 11 new joiners during the year. A number of colleagues also retired and we wish them well.

We completed an organisation-wide skills audit, reviewed our Learning and Development Strategy and started a programme of corporate learning. We will continue to support learning and development. Our staff have also completed mandatory training covering topics such as cyber security, fraud and bribery, information security and data protection.

We started work to support Scottish Ministers in appointing to a vacancy on our Board. Adverts for this will go live later in 2024 and we will work with Scottish Government to promote this opportunity.

Our staff participated in the Civil Service people survey. SHR's overall engagement index score for the survey is the equal highest of all participating organisations across the UK. [Read the results here.](#)

We have two Groups, each with a Director. Our Chief Executive and Directors form our Executive Team. It is responsible for providing strategic management and leadership. Our Management Team supplements the Executive Team and is responsible for oversight of operational management. Our Management Team comprises the Executive Team along with our four Assistant Directors of Regulation and our Assistant Director of Digital.

Our Board and Management Team monitor our performance against our Corporate and operational plans, including the targets set out below.

Type	Response Time	Target	2023/24 Performance (met/not met)	2022/23 Performance (met/not met)	2021/22 Performance (met/not met)
General Correspondence	8 working days	95%	met	met	met
FOI Requests*	20 working days	100%	Met for 29 requests	Not met for 1 out of 26 requests	Not met for 1 out of 24 requests
FOI Reviews	20 working days	100%	no requests received	Not met for 1 out of 3 requests	No requests received
Significant Performance Failures submissions	5 working days	100%	met	met	met
Invoice Payments	10 working days	100%	met	met	met

We have also worked with Scottish Government as it progresses transformation projects around the HR and finance and purchasing systems that we use. The Scottish Government project has been delayed from the original target date, but we expect these to go live during 2024. In March 2024, we refreshed our Framework Agreement with Scottish Ministers.

Read our agreement [here](#).

In 2023-24 we achieved substantial assurance from our internal auditor and an unqualified audit opinion from Audit Scotland.

4.5 Responding to the Scottish Government’s public sector reform agenda, including helping to shape future private sector regulation.

In September and February, we submitted information to Scottish Government on our contribution to public service reform and in December 2023 we published our annual statement on compliance with the Public Service Reform Act 2010.

[Read our statement here.](#)

In January our Board met with Scottish Government colleagues leading on this agenda and we have continued to engage on this proactively with Scottish Government via participation in the collective Scottish Delivery Bodies Group.

4.6 How we manage risks to achieving our objective

Alongside our regulatory risk assessment of social landlords, we identify and manage risks to us achieving our statutory objective through actively considering our corporate risk register and using our operating plan to plan any mitigating actions. This work is led each month by our Management Team, with regular input from our Audit & Risk Assurance Committee and Board. During 2023/24, we saw relatively little movement in the scoring of our risks. We completed a review of our register and risk management strategy in March 2024. At March 2024 at the conclusion of our review we had one overarching risk, which is that we do not achieve our statutory objective. Below that sat nine additional strategic risks covering our resources, shared services we receive from the Scottish Government, our Regulatory Framework, stakeholder support, business failure, cyber security, public body compliance, a systemic failure in social landlords and the impact of developments out-with our control.

We take account of the impact of climate change in our regular risk reviews. Two of our current strategic risks - landlord systemic failure and public body compliance - feature climate change-related issues as factors which could lead to those risks crystalising. During 2023/24 we updated and promoted our own staff travel guidance, which provides advice on how to consider travel options, prioritising greener options wherever possible. We continued to utilise video-conferencing from our office and home-working as an alternative to many meetings previously held in-person. In 2024/25 we intend to complete a review of climate change risks and the need for adaptation.

We had to reschedule some of our original work plans for the year. We now hope to publish the outcome of thematic work on Gypsy/Travellers & tenant participation and also British Sign Language early in 2024-25. We planned to self-assess compliance with the Scottish Government's Public Sector Cyber Resilience Framework, but as publication of this has been delayed we will take this forward once the Framework is available. We are also finalising a review of landlords' website information about SHR.

4.7 Looking ahead

In 2024-25 we have a budget settlement of £5.207 million revenue, £0.1 million capital, and non-cash £0.3 million. We will implement our new Regulatory Framework and our 2024-27 Strategy. We will remain agile and responsive, recognising the very complex and challenging environment for tenants, people who use social housing services and the landlords that deliver them. We set out these challenges in the introduction to this report. We will continue to use our approach to risk management to remain responsive to the changing environment and mitigate the risks that could impact how we deliver against our objectives and priorities.

Join our 1.8k X (formally twitter) followers @shr_news and over 1700 SHR Update e-zine subscribers to keep up to date with all our news.

Michael Cameron

Michael Cameron
Chief Executive

20 August 2024

5. Accountability report

Corporate Governance Report

Directors' Report

Introduction

We have prepared these accounts for the financial year 2023-24 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 <https://www.housingregulator.gov.scot>

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 2023 to the end of March 2024 is provided below:

- George Walker, Chair
- Andrew Watson, Deputy Chair
- Siobhan White, Audit and Risk Assurance Committee Chair
- Colin Stewart
- Helen Trouten Torres
- Ewan Fraser
- Marieke Dwarshuis
- Lindsay Paterson

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. Our Executive Team is responsible for providing strategic management and leadership.

Our Executive Team is:

- Michael Cameron, Chief Executive
- Helen Shaw, Director of Regulation
- 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 budget as set out in the Budget (Scotland) Act for 2023/24 was £5.718 million, comprising a £0.400 million capital budget and a £5.318 million revenue budget, and representing an increase of around 12% from 2022-23 (£5.120 million including a £0.200 million capital budget). In 2023-24, as a result of delays in recruitment and the change in circumstances on our office accommodation, we were able to return £0.130 million of our revenue funding and all of our capital funding at the mid-year review point, revising our revenue budget to £5.188 million and our capital budget to £0. We spent £5.000 million (2022-23, £4.806 million) and the remaining budget was returned to the Scottish Government. Our non-cash budget was £0.236 million (2022-23, £0.214 million) of which we spent £0.093 million (2022-23, £0.099 million). Non-cash budget is only drawn down when required.

Around 85% of our revenue costs were staff costs, 5% were IT equipment and support and 1% was accommodation.

In April 2023 we moved office to George House in central Glasgow. This is a temporary space for us, sharing space and services with Transport Scotland. In March 2024 we considered options for a new permanent office and agreed to move to space within the Glasgow office of Social Security Scotland. We will move during 2024-25.

Both our current temporary space and our future office plans allow for effective home and office-based working and contribute to Best Value and Public Service Reform agendas.

Our Business Intelligence Systems represent the majority of our IT costs. These systems support our regulatory data collection, data analysis and our engagement with the bodies we regulate.

Our revenue budget for 2024-25 is £5.207 million, a decrease of £0.111 million from 2023-24 before taking account of the impact of inflation on staff salaries and other costs.

Reporting of personal data related incidents

During 2023-24 there were no incidences of data loss which required to be reported to the Information Commissioner.

Appointment of auditors

Audit Scotland have been appointed to audit our accounts. Our notional audit fee of £25,530 is shown at note 10. Audit Scotland supplied no other services to us during the year. The Scottish Government Internal Audit and Assurance Directorate provided internal audit services.

Contingent liabilities

We have no contingent liabilities.

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 2024, we paid 100% 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 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 are fair, balanced and understandable. I take personal responsibility for the annual report and accounts and the judgements required for determining that they are 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.

The Board approved SHR's annual report and accounts for 2022-23 for the Chief Executive as accountable officer to sign on 29 August 2023. The Chair and Chief Executive presented SHR's Annual Report 2022-23 to the Scottish Parliament's Local Government, Housing and Planning Committee on 5 December 2023. SHR participated in panel evidence meetings with the Committee on damp and mould and the Scottish Government's Housing to 2040 Strategy. It also submitted written evidence to the Committee on building safety and maintenance. In addition, SHR gave evidence to the Scottish Parliament's Social Justice and Social Security Committee on homelessness and temporary accommodation.

During the year, the Board hosted guest speakers from OSCR, Shelter CIH, SFHA as well as a tenant participation expert. The Board also met with the Minister for Housing in November 2023.

The Board monitored work plans and the budget each quarter in the context of managing risks to achieving SHR's objective. The Board also worked the review of the Regulatory Framework throughout the year approving the new Framework and associated statutory guidance in January 2024 following consultation. It considered and approved a refreshed Framework Agreement with Scottish Ministers, a new Risk Management strategy and a new three-year Strategy for SHR in March 2024. The Board also considered Board membership succession

planning in preparation for forthcoming appointments during 2024 and 2025.

In March 2024, the Board agreed a new three-year Strategy for 2024-2027, work plans and budget for 2024-25. 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 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.

Board appointments are made by Scottish Ministers and overseen by the Commissioner for Ethical Standards in Public Life in Scotland. We commenced work to support Scottish Ministers with a forthcoming member appointment that will take place during 2024-25.

The Board met to take decisions eight times in 2023-24, two of these times included Board workshops and it held a separate standalone workshop one occasion. All meetings were quorate. We publish minutes of the meetings, our Board Code of Conduct and Board members' registers of interest on our website.

The Scottish Government's Director for Local Government and Communities appraises our Chair's performance annually. Our Chair appraises each Board Member's performance annually. The Chair and Board Members participate in regular training.

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 (ARAC) met four times in 2023-24. Our Audit and Risk Assurance Committee meeting minutes are published on our website alongside information about membership and the terms of reference.

Membership comprised the following members of the Board:

- Siobhan White, Chair
- Ewan Fraser
- Lindsay Paterson (new member from 2023-24)

SHR Board considered and made succession plans for ARAC membership, which will be implemented from 2024-25.

I have considered the matters raised and discussed by the Board and ARAC 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. We have two Groups, each with a Director.

Our Management Team supplements the Executive Team and is responsible for oversight of operational management. Our Management Team comprises the Executive Team along with our four Assistant Directors of Regulation and our Assistant Director of Digital. I chair the Management Team. Throughout 2023-24 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, along with our risk register, identifies the key risks to the delivery of our statutory, strategic and corporate objectives.

During 2023-24 our Management Team reviewed the risk register regularly and reported to both the ARAC and the 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;
- profile our risks by ranking them in order of overall risk exposure (in terms of likelihood and impact).

In 2023-24 we had one overarching risk, which is that we do not achieve our statutory objective. Below that 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;
- suffering reputational damage as a result of a development out with our control;
- suffering a cyber incident;
- impact of a systemic failure in social landlords
- insufficient resources to deliver effectively.

Our 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 2023/24.

In March 2024 we completed a review of our risk management strategy and risk register.

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 2023-24 that required us to report to the Information Commissioner. We share a Data Protection Officer with Transport Scotland. We provided training and awareness-raising for our staff. Our Data Protection Officer completed a data protection compliance review in early 2024 and reported that we retained a good level of compliance with data protection legislation.

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 ARAC;
- comments made by our external auditors, Audit Scotland, in their management letters and other reports; and
- quarterly reports to our Board from the Chair of the ARAC

Our systems of internal control have been supported by:

- regular Board meetings and workshops;
- meetings of our Executive and Management Teams; 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 2023-24.

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 2024 and up to the signing of the accounts, we liaised with Scottish Government Internal Audit and Assurance Directorate, Audit Scotland and Scottish Government Finance colleagues to ensure that our internal control procedures were fit for purpose and compliant.

During 2023-24, our internal auditors completed their risk-based internal audit plan with specific assurance work on the processes supporting the five yearly review of our Regulatory Framework and the application of the provisions for the deregulation of RSLs. Internal Audit and Assurance Directorate has provided substantial assurance in relation to both of these reviews. Overall, we received a rating of substantial assurance from Internal Audit and Assurance Directorate.

I am satisfied that no significant control weaknesses or issues have arisen during 2023-24. 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)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Officials										
Chief Executive										
Michael Cameron	85 - 90	85 - 90	-	-	-	-	-	0 ³	85 - 90	75 - 80
Executive Team										
Iain Muirhead	80 - 85	80 - 85	-	-	-	-	-	5 - 10	80 - 85	95 - 100
Helen Shaw	85 - 90	80 - 85	-	-	-	-	-	0 - 5	85 - 90	90 - 95
Board Members Fees										
Marieke Dwarshuis	5 - 10	5 - 10	-	-	-	-	-	-	5 - 10	5 - 10
Ewan Fraser	5 - 10	5 - 10	-	-	-	-	-	-	5 - 10	5 - 10

³ Increase in pension due to extra service was not sufficient to offset the inflation increase, therefore in real terms the pension value has reduced, this is presented as nil above.

Robert Gil (retired March 2023)	-	5 - 10	-	-	-	-	-	-	-	5 - 10
Lindsay Paterson	5 - 10	5 - 10	-	-	-	-	-	-	5 - 10	5 - 10
Colin Stewart	5 - 10	5 - 10	-	-	-	-	-	-	5 - 10	5 - 10
Helen Trouten Torres	5 - 10	5 - 10	-	-	-	-	-	-	5 - 10	5 - 10
George Walker (Chair)	20 - 25	20 - 25	-	-	-	-	-	-	20 - 25	20 - 25
Andrew Watson (Deputy Chair)	10 - 15	10 - 15	-	-	-	-	-	-	10 - 15	10 - 15
Siobhan White	5 - 10	5 - 10	-	-	-	-	-	-	5 - 10	5 - 10

During 2023-24, total expenses paid to members was £2.2k. Members do not receive pension payments as part of their role. Accrued pension benefits for directors are not included in this table for 2023/24 due to an exceptional delay in the calculation of these figures following the application of the public service pensions remedy.

Annualised salaries

There were no changes to the Executive Team during the year and the annualised salaries are as per the table above.

No new members joined the Board during 2023-24. Robert Gil retired with effect from March 2023 and his annualised salary is as per the table above.

Pensions

	Accrued pension (P) at pension age and lump sum (LS) at 31/03/23 £'000 Band	Real pension increase (P) and lump sum (LS) at pension age £'000 Band	CETV at 31/03/23 £'000	CETV at 31/03/22 £'000	Real increase/(decrease) in CETV £'000
Michael Cameron Chief Executive	45 - 50 (P) 90 - 95 (LS)	0 (P) 0 (LS)	920	851	(32)
Iain Muirhead Director of Digital and Business Support	30 - 35 (P) 50 - 55 (LS)	0 - 2.5 (P) 0 (LS)	562	508	(5)
Helen Shaw Director of Regulation	35 - 40 (P) 75 - 80 (LS)	0 - 2.5 (P) 0 (LS)	767	694	(8)

Accrued pension benefits for directors are not included in this table for 2023/24 due to an exceptional delay in the calculation of these figures following the application of the public service pensions remedy.

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/(decrease) 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 2023-24 was £85,000 - £90,000 (2022/23, £85,000 - £90,000). This was 1.62 times (2022-23, 1.67) the median remuneration of the workforce, which was £54,162 (2022-23, £52,355). The banded mid-point of our highest paid director in 2023-24 was £87,500 (2022-23, £87,500) which represented an increase of 0% on the previous year. The ratio is improving as a result of staff moving up the respective salary scales coupled with the pay increase that was applied whilst there was no movement in the band mid-point of the highest paid director and this reflects the recent trend. The median pay ratio reflects the pay, rewards and progression policy for employees as a whole.

A summary of the pay multiples for 2023-24 and 2022-23 is provided in the table below.

	2023-24 25 th %	2022-23 25 th %	2023-24 50 th %	2022-23 50 th %	2023-24 75 th %	2022-23 75 th %
Highest paid director (band mid-point) (£)	87,500	87,500	87,500	87,500	87,500	87,500
All staff FTE pay and benefits (£)	44,557	42,613	54,162	52,355	69,846	65,276
Ratio	1.96	2.05	1.62	1.67	1.25	1.34

The average annualised FTE salary for all employees (excluding the highest paid director) in 2023-24 was £56,673 (2022-23, £54,981), which represented an increase of 3.08% on the previous year.

In 2023-24, no employees (2022-23, 0) received remuneration in excess of the highest-paid director. Annualised remuneration ranged from £27,513 – £89,887 (2022-23, £27,335 to £86,335).

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. 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 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 Strategy 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. We completed an organisation-wide skills audit, reviewed our Learning and Development Strategy and started a programme of corporate learning. We will continue to support learning and development. Our staff have also completed mandatory training covering topics such as cyber security, fraud and bribery, information security and data protection.

We participated in the 2023 Civil Service People Survey and published the [results](#). The level of positive feedback across all survey themes remained high. The overall SHR employee engagement index increased to 77% from 74% in the 2022 survey. The headline results also improved in each of the survey's nine key themes.

Trade unions

We are party to the Scottish Government's Partnership Agreement with trade unions recognised by the Scottish Government. Our staff are part of Scottish Government Main for the purposes of pay, terms and conditions. None of our staff have spent any part of their working week on trade union duties.

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 Health and Safety Representative.

Staff Costs (audited)

	£000	£000	2023-24 £000	2022-23 £000
	Permanently employed staff	Others	Total	Total
Wages and salaries	3,075	-	3,075	2,758
Social security costs	358	-	358	341
Other pension costs	859	-	859	776
Inward secondments	-	-	-	53
Temporary staff	-	-	-	-
Movement in short term employee benefits	24	-	24	47
Early retirement	-	-	-	-
Total net costs	<u>4,316</u>	<u>-</u>	<u>4,316</u>	<u>3,975</u>

Pension benefits are provided through the Civil Service pension arrangements. The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. SHR is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the scheme as at 31 March 2023. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation <https://www.civilservicepensionscheme.org.uk/knowledge-centre/resources/resource-accounts/>.

During the year ended 31 March 2024, employers' contributions of £0.859 million (2022-23, £0.776 million) were payable to the PCSPS at one of two rates in the range 27.1 to 30.3 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 2023-24 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Average number of persons employed

			2023-24	2022-23
	Permanently employed staff	Others	Total	Total
Directly employed	53.28	0	53.28	49.93
Other	-	-	-	-
Total	<u>53.28</u>	<u>0</u>	<u>53.28</u>	<u>49.93</u>

Number of Senior civil service staff employed

	2023-24	2022-23
Band	Total	Total
SCS - Deputy Director 1	1	1

Gender Balance

At the end of the 2023-24 financial year, the number of persons of each sex who were Board Members, Senior Managers and employees was as follows:

	<u>Female</u>	<u>Male</u>
Board Members	4	4
Employees: Executive Team (including Chief Executive)	1	2
All Employees (including Executive Team)	38	19

Sickness absence data

The average total number of sick days per full time employee in 2023-24 was 11.1 days (2022-23, 6.7 days).

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 2023-24 (2022-23, none).

Expenditure on consultancy

We incurred expenditure of £84.7k on external consultancy in 2023-24. This equates to 1.7% of our total revenue expenditure (2022-23, 1.0%). 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 SHR during the year ended 31 March 2024.

These accounts were authorised for issue on 20 August 2024.

Michael Cameron

Michael Cameron
Chief Executive

20 August 2024

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

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Scottish Housing Regulator for the year ended 31 March 2024 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 material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Government Financial Reporting Manual (the 2023/24 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the body's affairs as at 31 March 2024 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2023/24 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 for opinion

I conducted my 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. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 2 December 2022. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, I report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's 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 there is an intention to discontinue the body's operations.

Auditor's responsibilities for the audit of the financial statements

My 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 my 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 decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the central government sector to identify that the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers are significant in the context of the body;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result 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.

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 my auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In my 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. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited parts of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In my 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 I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my 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 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Louisa Yule

Louisa Yule CPFA
Audit Scotland
8 Nelson Mandela Place
Glasgow
G2 1BT

21 August 2024



7. Financial Statements

For the year end 31 March 2024

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2024

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 2024 derive from the ordinary activities of the Scottish Housing Regulator, all of which are continuing.

	Note	2023-24 £000	2022-23 £000
Administration costs:			
Staff costs	2	4,316	3,975
Purchase of goods and services	2	682	831
Depreciation and impairment charges	2	93	99
Other operating expenditure	2	-	-
Total		5,091	4,905
		-----	-----
Net operating expenditure		5,091	4,905
		=====	=====

The notes on pages 53 to 66 form part of the financial statements.

Statement of Financial Position

As at 31 March 2024

	Note	2023-24 £000	2022-23 £000
Non-current assets:			
Property, plant and equipment	3	33	45
Intangible assets	4	298	199
		-----	-----
Total non-current assets		331	244
		-----	-----
Current assets:			
Trade and other receivables	6	1	0
Cash and cash equivalents	7	0	0
		-----	-----
Total current assets		1	0
		-----	-----
Total assets		332	244

Continued overleaf

The notes on pages 53 to 66 form part of the financial statements.

Statement of Financial Position

Cont'd...

As at 31 March 2024

Michael Cameron

Michael Cameron
Chief Executive

20 August 2024

The financial statements have been
authorised for approval on 20 August 2024

The notes on pages 53 to 66 form part of the financial statements.

	Note	2023-24 £000	2022-23 £000
Current liabilities:			
Trade and other payables	8	(545)	(454)
Total current liabilities		----- (545)	----- (454)
Total assets less current liabilities		----- (213)	----- (210)
Non-current liabilities:			
Other creditors > 1 year		(106)	-
		----- (106)	----- -
Net assets		----- (319)	----- (210)
		=====	=====
Taxpayers' equity:			
General Fund		(319)	(210)
Total taxpayers' equity		----- (319)	----- (210)
		=====	=====

Statement of Cash Flows

For the year ended 31 March 2024

	Note	2023-24 £000	2022-23 £000
Cash flows from operating activities			
Net operating expenditure		(5,091)	(4,905)
Adjustments for non-cash transactions:			
Depreciation and amortisation	3,4	93	99
Auditor's remuneration	10	26	24
Movement in working capital:			
(Increase)/decrease in trade and other receivables	6	(1)	19
Increase/(decrease) in trade and other payables	8,9	197	53
		-----	-----
Net cash outflow from operating activities		(4,776)	(4,710)
		-----	-----
Cash flows from investing activities			
Purchase of property, plant and equipment		-	-
Purchase of intangible assets		(180)	-
		-----	-----
Net cash outflow from investing activities		(180)	-
		-----	-----
Cash flows from financing activities			
Scottish Government funding		(4,956)	(4,710)
		-----	-----
Net financing		4,956	4,708
		-----	-----
Net increase/(decrease) in cash and cash equivalents		-	(2)
		=====	=====
Cash and cash equivalents at beginning of period	7	-	2
Cash and cash equivalents at end of period	7	-	-

The notes on pages 53 to 66 form part of the financial statements.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2024

	Note	General Fund £000	Total Reserves £000
Balance at 31 March 2022		(37)	(37)
Net financing		4,708	4,708
Non-cash charges – auditor's remuneration	10	24	24
Comprehensive net expenditure for the year		(4,905)	(4,905)
Balance at 31 March 2023		----- (210) -----	----- (210) -----
Net funding		4,956	4,956
Non-cash charges – auditor's remuneration	10	26	26
Comprehensive net expenditure for the year		(5,091)	(5,091)
Balance at 31 March 2024		----- (319) =====	----- (319) =====

The notes on pages 53 to 66 form part of the financial statements.

Notes to the Accounts

1. Accounting Policies

The financial statements have been prepared in accordance with the 2023-24 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 chosen. The particular policies adopted by the Scottish Housing Regulator are described below and 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 2024 show a deficit on the general fund of £0.319 million (2022-23 – £0.210 million). 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 the receipt of Scottish Government funding on a cash basis. Net 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 2023-24 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 their cost over their estimated useful lives, which are considered to be:

ICT equipment	4 years
Bespoke ICT equipment	7 years
Fixtures & fittings	4 years

ICT assets are carried at valuation in existing use. Depreciated historical cost has been used as a 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 asset.

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, a proxy for fair value.

Software licences are disclosed separately as intangible assets in accordance with the FReM.

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

Internally developed software	5 years
Software licences	3 years, or life of licence if shorter

The Business Intelligence System will be fully amortised by 31 March 2026.

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 Principal Civil Service Pension Scheme (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 any disputed invoices, once any dispute has been resolved, on time in these terms.

1.8 Value Added Tax

Operating costs are stated net of Value Added Tax (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 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 2020. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensionscheme.org.uk/knowledge-centre/resources/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 are £nil at the year end.

1.12 Short Term Employee Benefits

A liability and an expense are recognised for annual leave, 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 annual leave 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 the disclosure of information on the expected impact of applying new accounting standards issued but not yet in effect.

No new accounting standards have been issued but not yet in effect.

2. Administration Costs

Auditor's remuneration relates to a charge notified by Audit Scotland in respect of external audit work carried out during 2023-24. No other services were supplied by Audit Scotland during 2023-24.

	2023-24 £000	2022-23 £000
Wages and salaries	3,075	2,758
Social security costs	358	341
Other pension costs	859	776
Inward secondments	-	53
Movement in short term employee benefits	24	47
Depreciation and amortisation	93	99
IT costs	269	336
Accommodation expenses	48	137
Non-executive board members fees and expenses	93	101
Support and consultancy	85	50
Office expenses	51	35
Auditors remuneration (notional charge - note 10)	26	24
Conferences and seminars	19	23
Professional fees and subscriptions	8	7
Stakeholder engagement	23	15
Travel and subsistence	16	16
Training and development	18	61
Marketing	4	9
HR and recruitment	9	11
Catering	13	6
	5,091	4,905

3. Property, Plant and Equipment

	ICT Equipment £000	Fixtures & Fittings £000	2023-24 Total £000
Cost			
At 1 April 2023	54	9	63
Additions	-	-	-
Disposals	-	-	-
At 31 March 2024	54	9	63
Depreciation			
At 1 April 2023	16	2	18
Charged in year	10	2	12
Disposals	-	-	-
At 31 March 2024	26	4	30
Carrying value at 31 March 2024	28	5	33
Carrying value at 31 March 2023	38	7	45
Asset financing:			
Owned			
Carrying value at 31 March 2024	28	5	33

3. Property, Plant and Equipment cont'd

	ICT Equipment £000	Fixtures & Fittings £000	2022-23 Total £000
Cost			
At 1 April 2022	58	11	69
Additions	-	-	-
Disposals	(4)	(2)	(6)
At 31 March 2023	54	9	63
Depreciation			
At 1 April 2022	11	-	11
Charged in year	9	2	11
Disposals	(4)	-	(4)
At 31 March 2023	16	2	18
Carrying value at 31 March 2023	38	7	45
Carrying value at 31 March 2022	47	11	58
Asset financing:			
Owned			
Carrying value at 31 March 2023	38	7	45

4. Intangible Assets

	Information Technology £000	Software Licences £000	2023-24 Total £000
Cost			
At 1 April 2023	332	-	332
Additions	-	180	180
Disposals	-	-	-
At 31 March 2024	332	180	512
Amortisation			
At 1 April 2023	133	-	133
Charged in year	66	15	81
Disposals	-	-	-
At 31 March 2024	199	15	214
Carrying value at 31 March 2024	133	165	298
Carrying value at 31 March 2023	199	-	199
Asset financing:			
Owned			
Carrying value at 31 March 2024	133	165	298

Continued overleaf

4. Intangible Assets Cont'd

	Information Technology £000	Software Licences £000	2022-23 Total £000
Cost			
At 1 April 2022	332	-	332
Additions	-	-	-
Disposals	-	-	-
At 31 March 2023	332	-	332
Amortisation			
At 1 April 2022	48	-	48
Charged in year	85	-	85
Disposals	-	-	-
At 31 March 2023	133	-	133
Carrying value at 31 March 2023	199	-	199
Carrying value at 31 March 2022	284	-	284
Asset financing:			
Owned			
Carrying value at 31 March 2023	199	-	199

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 same degree of financial risk faced by many other 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. The Scottish Housing Regulator's financial assets comprise trade receivables, financial and other assets (Note 6) and cash and cash equivalents (Note 7). The financial liabilities comprise trade payables, accruals and other current liabilities (Note 8) and non-current liabilities (Note 9).

6. Trade Receivables, Financial and Other Assets

	2023-24 £000	2022-23 £000
Amounts falling due within one year:		
Prepayments	-	-
Other receivables	1	-
	-----	-----
	1	-
	=====	=====
Intra-government balances		
Balances with other central government bodies	-	-
Balances with bodies external to government	1	-
	-----	-----
	1	-
	=====	=====

7. Cash and cash equivalents

Petty cash represented the brought forward balance at 1 April 2022. The decision to move to a cash-free office meant no corresponding petty cash balance was held at 31 March 2023 and 31 March 2024.

	2023-24 £000	2022-23 £000
Balance at 1 April 2023	-	2
Net change in cash and cash equivalent balances	-	(2)
	-----	-----
Balance at 31 March 2024	-	-
	=====	=====

The following balances were held at 31 March 2024:

Commercial banks and cash in hand	-	-
	-----	-----
Balance at 31 March 2024	-	-
	=====	=====
	-----	-----
Balance at 31 March 2023	-	-
	=====	=====

8. Trade Payables and other current liabilities

	2023-24 £000	2022-23 £000
Trade payables	79	21
Accruals	233	259
Other payables	233	174
	-----	-----
Balance at 31 March	545	454
	=====	=====
Intra-government balances		
Balances with other central government	-	-

bodies		
Balances with bodies external to government	545	454
	-----	-----
	545	454
	=====	=====

9. Non-current liabilities

	2023-24 £000	2022-23 £000
Provisions	-	-
Other creditors > 1 year	106	-
	-----	-----
Balance at 31 March	106	-
	=====	=====
Intra-government balances		
Balances with other central government bodies	-	-
Balances with bodies external to government	106	-
	-----	-----
	106	-
	=====	=====

10. Notional Charges

The following charge has been included in the accounts:

	2023-24 £000	2022-23 £000
Auditor's remuneration	26	24
	-----	-----
	24	24
	=====	=====

11. 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.

The Scottish Housing Regulator also 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 party has undertaken any material transactions with the Scottish Housing Regulator. In addition, no Board member, key manager or related party received any benefits in kind. Further details are set out in the Remuneration and Staff Report that accompanies these financial statements.

12. Capital Commitments & Contingent Liabilities

No contracted capital commitments or contingent liabilities existed at 31 March 2024 (31 March 2023, none).

13. Leasing Commitments

At 31 March 2024, the total of future minimum lease payments under non-cancellable operating leases for each of the following periods was as noted. 2023-24 reflects the early termination of the Scottish Housing Regulator's previous lease arrangements for Buchanan House, with no new lease arrangements as yet in place.

14. Other Financial Commitments

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

15. Events after the reporting period

The Scottish Housing Regulator moved to a new permanent office in July 2024 and the final Memorandum of Terms of Occupancy (MOTO) is due to be signed in the coming weeks. The MOTO will confirm the costs to be paid during 2024/25 and subsequent years. For the purposes of IFRS 16, this arrangement will be considered as a lease and the net present value of the lease payments will be capitalised.

	2023-24 £000	2022-23 £000
Obligations under operating leases for the following periods comprise:		
Buildings		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	-----	-----
	-	-
	=====	=====
Other		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	-----	-----
	-	-
	=====	=====

	2023-24 £000	2022-23 £000
Not later than one year	117	131
Later than one year and not later than five years	16	109
Later than five years	-	-
	-----	-----
	133	240
	=====	=====

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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