16. **20 June 2019 – Extracts Assurance Mapping - the rest is covered by exemptions set out in Appendix A**

What is assurance mapping?	A powerful tool providing great insights…by allowing decision makers to take appropriate comfort from the assurance provided…. Assurance is an objective examination of evidence for the purpose of providing an independent assessment of governance, risk management and control processes for the organisation. An assurance map is a structured means of identifying and mapping the main sources and types of assurance in an organisation, and coordinating them to best effect. An assurance map is the tool that enables the evidence to be assembled. It also provides the evidence that may be needed to support: • management confidence in their assertions; • audit committee assurances to the board on the state of internal controls; and • public statements by the board as to the state of internal control. **Source: Institute of Chartered accountants in England & Wales**
What do we say about assurance?	Assurance is an important function of governance in any organisation. This is about those responsible for governing the organisation obtaining accurate and current information about the efficiency and effectiveness of its operations and the status of its compliance with regulatory and statutory obligations. Those responsible for governing the organisation should then provide appropriate assurance to relevant stakeholders. **Source: SHR Assurance Statement FAQs** Your approach should enable you to reach an objective and evidence-based judgement on compliance, ensuring sufficient evidence and information, and where necessary independent assurance. In determining your approach…you should consider: • what level of assurance is proportionate, considering your organisation's business and context; • the sources of assurance and evidence you have and whether they are sufficient and reliable; and • whether you need independent assurance, and what that should be. **Source: SHR Statutory Guidance on Annual Assurance Statements for members of governing bodies and local authority committees**
What do we have?	We developed an assurance map in 2013 under our previous Regulatory Framework. We have produced a new, expanded map to reflect our new Regulatory Framework and operating environment. The new map is based on the principles of the 'three lines of defence', with a fourth section, 'external accountability', added to give a fuller picture. It lists sources of evidence mapped against our corporate risks and the statements of effectiveness from our corporate plan. The map is intended as a basis for Board discussion rather than a finished product.
Discussion themes	This session is for the Board to discuss how it wishes to approach assurance mapping. It may wish to consider these questions: • Does this approach to assurance mapping give the Board what it needs? • Are there gaps in the appended map? • What would you like more (or less) assurance on? • How would you like to take this forward?

17. 6 August 2019 – Extracts Chief Executive's report – the rest is not in scope or covered by exemptions set out in Appendix A

5.2 When we launched the new Regulatory Framework on 1 April we published **Frequently Asked Questions** (FAQs) to help landlords to implement the new requirements around self-assurance. Since April the FAQs page on our website has had 588 views, and the average time spent on the page was 2 minutes 44 seconds. We will use our communication tools and conference platforms over the coming months, and in the run up to the submission of the first Annual Assurance Statements, to remind landlords of the October deadline.

5.3 We have started the formal process to refresh the **Statutory Manager List**. We aim to conclude the process and publish an updated list of statutory managers by the end of November 2019. We placed the advert for applications to the list in the trade journals, SFHA's website, PATH's website and on our website on 29 July with a closing date of 26 August. The application pack has been legal proofed with a particular eye to equalities and data protection. We have informed key stakeholders about the refresh of the list and have asked them to promote it.

5.4 In July the Scottish Government announced that it has agreed with Glasgow City Health and Social Care Partnership that they will work together on a "voluntary review" of **homelessness services in Glasgow** to better understand what sits beneath the figures around failure to provide temporary accommodation and to ensure plans are put in place to rectify any failures uncovered. We are in discussion with colleagues from the Scottish Government to better understand the scope and timescales for the review. We will then consider what that means for our ongoing engagement with Glasgow City Council.

In the meantime, our work in Glasgow City Council is continuing. ■■■■

5.5 We continue to monitor landlords' progress towards compliance with the **minimum standards for sites for Gypsy/Travellers**.

In October 2018 we published the first report on social landlords' progress towards the Scottish Government's minimum site standards. At that time we set out that landlords had reported that 13 of the 27 Gypsy/Travellers' sites across Scotland met the standards. As at the time of writing, landlords report that 19 of the 27 sites meet the standards. We are engaging with 6 landlords about the 8 sites that do not yet fully comply with the minimum standards.

18. 6 August 2019 – ARAC assurance statement to SHR Board – the rest of the update is published

2018/19 Statement of Assurance from the Audit and Risk Assurance Committee to the SHR Board and Accountable Officer

1.1 In accordance with the Scottish Government's Audit Committee Handbook and the Audit and Risk Assurance Committee's Terms of Reference, as approved by the SHR Board, I am required to provide an annual assurance statement on the work of the Committee in 2018/19 and the extent to which that work met the assurance needs of the Board and the Accountable Officer.

1.2 I am pleased to report that the Audit and Risk Assurance Committee (ARAC) has completed its review of risk management, governance and internal control arrangements for the year ended 31 March 2019.

1.3 The Committee met four times during 2018/19 (20 June 2018, 5 September 2018, 12 December 2018 and 20 March 2019). The main sources of assurance considered by the Committee during the year were as follows:

- External Audit - The Auditor General for Scotland appointed Scott-Moncrieff to perform SHR's external audit in 2018/19. In its report to those charged with governance on the 2018/19 audit, Scott-Moncrieff has confirmed that no material weaknesses in the accounting and internal control systems were identified during the audit and that its work did not result in any significant issues which it is required to report. Scott-Moncrieff has confirmed that it intends to issue an unqualified auditor's report in August 2019.

- Internal Audit - Internal Audit services were provided by the Scottish Government's Internal Audit Division during the year. The Committee received regular updates on the internal audit plan for 2018/19 from the internal auditor and noted that no significant control weaknesses were identified by this work. Internal Audit's Annual Assurance Report for 2018/19 provided 'substantial assurance' on the internal control environment.

- Risk Management - The Committee reviewed the SHR risk register quarterly and considered the effectiveness of risk management arrangements. The Board reviewed SHR's risk management arrangements during 2018/19 and agreed a new, streamlined risk register. The Board also approved a new risk management strategy in May 2019.

- Management Assurances – The Committee sought and received assurances from senior managers throughout the year on a range of significant business issues including our business intelligence systems development, GDPR and cyber-security arrangements.

1.4 In conclusion, the Committee is satisfied that it has received the necessary assurances to confirm that effective risk management, governance and internal control arrangements were in place during 2018/19. The Committee recommends that the Board approves, and the Accountable Officer signs, the Annual Report and Accounts for the year ended 31 March 2019.

Signed on behalf of the Audit & Risk Assurance Committee:

Siobhan White
Chair

19. 6 August 2019 – Extracts Quarter one performance report – the rest is not in scope or covered by exemptions set out in Appendix A

Performance information on consents has been removed to reflect the changes in legalisation. We have including additional information on the type of notifiable events we have received in quarter one. Notifiable events have increased from 76 in the last quarter to 127. We believe this relates to the removal of consents. Items that would have previously been submitted to us as consents are now being reported as notifiable events.

The Management Team reviewed the risk register most recently on 23 July 2019. The updated register is appended. MT agreed:
to increase the likelihood score for risks R4 and R6;
to keep the impact of increased likelihood scores on the overarching risk under review; and
that the mitigating actions in the operating plan remain relevant and no new actions are required at this time.

It also agreed to reflect on the issues most likely to lead to risks crystallising at the Management Team strategy day on 7 August 2019.

Current Statutory Intervention

RSLs	From	Total Homes	Board members	Stat Mgr	Failure in:
Ruchazie	03/18	225	4	✓	Governance
Wishaw & District	02/17	979	5 now 7	✓	Gov, financial & risk management
Arklet	02/17	361	3 now 2	✓	Gov & financial management
Thistle	08/18	947	5	✓	Gov & financial management
Fairfield	12/18	514	7	✓	Gov & mismanagement

Planned regulatory work

Engagement Plans updated
18 July DGHP & Welso
28 May Fairfield
1 May Thistle

Current reasons for engagement[2]

	Finance	Development	Governance	Service Quality
RSLs	44	6	26	2
	Homelessness	Gypsy/Traveller sites	Stock Quality	Service Quality
LAs	23	8	6	0

Reasons for engagement

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

- ✓ Implement new structure
- ✓ Welcome new Board members
- ✓ Publish new Corporate Plan
- ✓ Launch new BETA website
- ✓ Publish summary of our work plan 'What we will do'
- ✓ Publish engagement plans for all landlords
- ✓ Publish a report on intervention in Ferguslie Park
- ✓ Publish information note for statutory appointees
- ✓ Publish FAQs for landlords on Annual Assurance Statements
- ✓ Meet with UK Finance Scottish Committee
- ✓ Review Intervention in Thistle HA
- ✓ Consider if any follow up advice is required in response to Brexit
- ✓ Complete accounts and annual report for External Audit onsite work

- ✓ Complete a review of the Board's standing orders
- ✓ Review CivTech for continued further investment
- ✓ Meet with Standards & Poor
- ✓ Publish a report on intervention in Antonine
- ✓ Facilitate a Board strategy day
- ✓ Provide the Board with updated assurance map
- ✓ Participate in 3 CIH Roadshows on the new Framework
- ✓ Carry out British Sign Language Plan training
- ✓ Arrange access to registered BSL interpreters
- ✓ Decide on future approach to data collection software
- ✓ Review Statutory Intervention in Fairfield
- ✓ Review CivTech for continued future investment

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[2] The reasons for our current engagement relate to the landlords where our risk assessment identified a need for additional assurance.

- Develop and provide staff with internal guidance on supporting landlords with Annual Assurance Statements
- Complete end of year reviews for all staff & Board members
- Decide on future approach to data collection software
- Fully launch website, close old website and publish archive information
- Complete FYFP and LP data integrity sense checks including follow up discussions with landlords
- Review CivTech for final investment
- Scope a User Experience review of our BI system
- Pubish a report on intervention in Kincardine
- Review Intervention at Wishaw & District
- Complete data integrity sense checks & follow up discussions
- Publish our work with the National Panel of tenants and service users
- Publish our National Report on the Charter
- Publish Landlord Reports
- Publish a report on intervention at Dalmuir Park

- Refresh and publish updated comparison tool
- Publish Civtech Chatbot
- Meet with SG colleagues to discuss strategic sector issues
- Lay before Parliament & publish SHR's annual report & accounts
- Impact assess software changes in conjunction with suppliers
- Review Statutory Intervention in Arklet
- Publish & promote tenant guide to regulatory Framwork
- Refresh tenant advisor appointments
- Develop our approach to the regulatory status for RSLs
- Meet with sector Auditors
- Participate in 3 CIH Roadshows on the new Framework
- Carry out British Sign Language Plan training
- Arrange access to registered BSL interpreters
- Decide on future approach to data collection software
- Review Statutory Intervention in Fairfield
- Publish a report on assurance work at Dumfries and Galloway Council

MT discussed risk on 25 June and 23 July and agreed no new actions to add to the risk mitigation actions for the operating plan. It noted addition of the following new tasks:

- development of internal practice notes covering topics such as business planning and Systemically Important RSLs by August 2019;
- review of our intervention in Thistle Housing Association by August 2019; and
- publication of a new edition of *How we will work* covering our work with funders by March 2019. This sits alongside tasks to refresh all other current editions by March 2020.

Notifiable events

legend: No. of notifiable events recorded 2018/19
No. of notifiable events recorded 2019/20
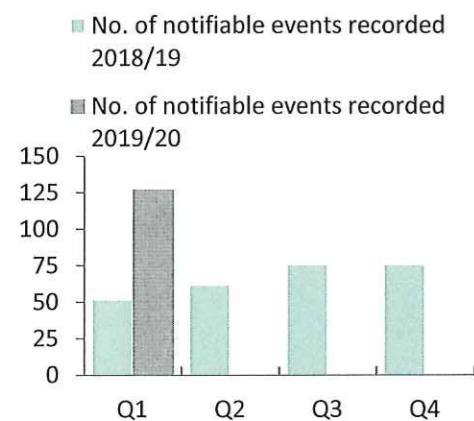
Significant Performance Failures (SPF)
4 potential SPFs, 1 not an SPF and investigations into others ongoing.

Whistleblowing
We received 7 cases. We:
- took no further action in 2 cases, due to insufficient detail & evidence and 1 was an employer grievance;
- gathering further information from a landlord as part of our current engagement in 1; and
- in 4 cases we raised the concerns with the RSLs involved and they will carry out independent investigations.
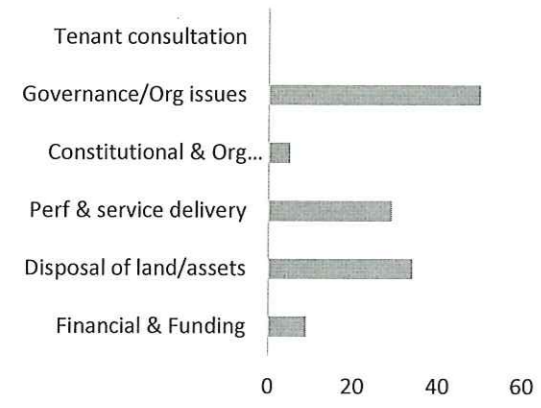
FOI/EIR/Subject Access requests
3 FOI requests. 1 was for information publicly available, 1 was a repeat request and in the 3rd case information was released following clarification.

We received no subject access requests received.

We considered no FOI reviews in Q1 and had no engagement with the Commissioners on any requests.

Correspondence - We responded to 98.9% of correspondence within our traget timescales during Q1.

Types received in Q1

Category	Value (approx.)
Tenant consultation	0
Governance/Org issues	50
Constitutional & Org…	5
Perf & service delivery	30
Disposal of land/assets	35
Financial & Funding	8

(x-axis: 0, 20, 40, 60)

**Complaints & Appeals about SHR's
decisions** – none

Risk register: for MT 23 July 2019

Updated post MT discussion 30 April & ARAC on 19 June 2019

Ref	Risk	Issues most likely to lead to the risk crystallising (these will change over time)	Likelihood	Impact	Score	Direction of travel
OA	**We do not achieve our statutory objective of safeguarding and promoting the interests of tenants, people who are homeless, and others.**	*This is the over-arching risk to SHR. By this we mean we fail to prevent significant harm to tenants, people who are homeless or service users. The scoring reflects our aggregate assessment of our risk environment, reflecting on all risks in the register*	4	10	40	→
R1	We experience a significant reduction in quality or break in shared services from Scottish Government, which impacts on our ability to operate effectively.	• Scottish Government experiences significant operational challenges in maintaining acceptable operational service delivery, for example due to high volumes of recruitment • Scottish Government diverts resources from core shared services to deal with a crisis such as a no-deal Brexit	6	7	42	↓
R2	Our regulatory framework does not work effectively	• We are diverted due to pressures from serious casework • We experience a high level of staff absences or vacancies • We are unable to continue to identify sufficient numbers of suitable statutory appointees (Board members and managers) • We do not have the necessary expertise to implement the framework effectively • We have insufficient capacity to operate the framework effectively even when we have a full staffing complement • We have misjudged the context for social housing / the context shifts so significantly that our framework is no longer relevant • We fail to find an appropriate RSL rescue partner and as a result a landlord becomes insolvent	5	9	45	→
R3	We lose stakeholder support	• Issues arising from casework impact on stakeholder confidence • Stakeholders disagree with significant aspects of our new regulatory framework because they believe it does not take enough account of their feedback • Stakeholders oppose how we implement our new regulatory framework • Our reliance on appointees from bodies we regulate is – or is judged to be - 'regulatory capture' • A landlord insolvency dents stakeholder confidence, particularly lender confidence • Stakeholders have an unrealistic view of what we can deliver with the level of resources available to us	3	8	24	→
R4	We suffer a serious business failure	• We fail to deliver a new website and are unable to continue to use our existing platform • We suffer a failure of our core BI or IT systems • We experience a serious cyber attack • We cannot occupy our office accommodation, e.g. because of a safety issue	5	8	40	↑
R5	We fail to comply with the duties and expectations as a public body	• We experience a high level of staff absences or vacancies • We have insufficient capacity to respond effectively to existing or new requirements even when we have a full staffing complement • We suffer a serious data breach • We do not operate within our budget	3	7	21	→
R6	We suffer reputational damage as a result of a development outwith our control	• The changing policy landscape brings additional regulatory expectations, e.g. around homelessness and Gypsy/Travellers services, which we are unable to respond to • A major service failure in a social landlord is perceived to be a failure of regulation • A system challenge or change in social landlords' operating environment damages the interests of tenants, people who are homeless or service users, or puts landlords at risk	4	7	28	↑

20.   6 August 2019 – Toolkit funding

Scottish Housing Regulator

The Board of the Scottish Housing Regulator

Subject:	**Toolkit funding**
Purpose:	**For decision**
Agenda item:	**AG9 08/19**
By:	**Michael Cameron**
	Contact telephone number: 0141 242 5561
Meeting date:	**6 August 2019**

1.   Introduction & Purpose
1.1 This paper provides the Board with an update on the development of the Toolkit and seeks approval for funding for the next phase of its development.

2.   Recommendations
2.1   The Board is asked to approve funding of £15,000 to be provided to the Scottish Federation of Housing Associations (SFHA) to continue the development of the Toolkit to support governing body and committee members on self-assurance.

3.   Contribution to statutory objective and regulatory priorities
3.1   Our statutory objective is achieved by us working effectively to promote well-governed and well-run landlords, as these are best-placed to deliver good homes and services for tenants, people who are homeless, Gypsy/Travellers and others who use the services they provide.

3.2   To that end, and through our new Regulatory Framework, we aim to build a culture of assurance and openness in social landlord. Landlord self-assurance and the Annual Assurance Statement are central to the new Framework.

3.3   In our response to the consultation on the new Regulatory Framework we committed to support landlords to embed effectively the new regulatory requirements, particularly the submission of the Annual Assurance Statement. We said that we would do this, in part, by working with the SFHA and other representative bodies to develop a sector-led toolkit aimed at supporting governing body and committee members to get the assurance they need to make the Annual Assurance Statement.

4.   Communication plan
4.1   We will issue a news release to communicate our funding of the development of the toolkit, emphasising the collaborative nature of this activity and the positives for social landlords from the next phase of the toolkit development.

5.   Proposed funding
5.1   The SFHA will publish the first element of the Toolkit on 31 July. This will provide landlords with a first cut of the questions governing body and committee members could ask to get the assurance they need. SFHA will publish this on its website in a PDF format.

5.2   The SFHA had submitted to the Scottish Government a business case for funding for the Toolkit over a two year period, following an early positive response on the possibility of funding. The SFHA had estimated that the full cost of the project would be between £60,000 and £80,000, depending on the cost of commissioned pieces of work. The main elements of the project are:
- development of new self-assurance content, subsequent review and roll out;
- development of SFHA self-assessment guidance;
- website development;
- development of guidance on Equalities and Human Rights, including guidance on data collection;
- development of three additional pieces of guidance; and
- management of the project.

5.3 The Scottish Government has now indicated that it is unable to provide funding for the toolkit at this time. It has indicated that it will consider funding at the mid-year review and for next year.

5.4 To date, SFHA has met all of the costs of the Toolkit, which it has quantified at £15,000. The SFHA has advised that it will continue to contribute to the costs of the Toolkit, but has flagged that it cannot meet the full costs now that the Scottish Government has confirmed that it cannot provide funding. This puts the continuation of the project at risk.

5.5 The next stage of the Toolkit's development will be critical to getting good adoption by social landlords, and will include:
- developing a web-based platform for the Toolkit;
- reviewing the Toolkit content in response to feedback on the first-cut material; and
- initiating development of guidance on equalities and human rights.

5.6 We had not planned to provide funding to the project, on the basis that the Scottish Government would contribute to the costs. We had intended our contribution to be limited to support through staff time and expertise. However, recognising that the Toolkit project contributes to us meeting our statutory objective, and that we have made public commitments to making a toolkit available to all landlords, we believe it is important that we secure the continuation of the project by making an appropriate contribution to its costs.

5.7 In summary, SHR making a contribution to the costs of the Toolkit project will help to secure the delivery of the next phase of the project, and supporting this project is consistent with our statutory objective and statutory functions.

5.8 Accordingly, I recommend that the Board approves funding of £15,000 to be provided to the SFHA. This figure reflects both the costs of the next phase of the project, and a contribution that equates to roughly 25% of the overall costs of the project. I propose that we take the money from the Stakeholder Engagement line of our budget, and that we review the budget for Stakeholder Engagement at the mid-year point.

5.9 The steering group for the Toolkit project will meet soon to consider how to take forward the later stages of the project, and how these will be funding. This will include consideration of a resubmission of a business case to the Scottish Government.

5.10 I continue to liaise with the Equalities and Human Rights Commission and the Scottish Human Rights Commission to secure their participation in the Toolkit workstream to develop guidance for social landlords on equality and human rights.

6. Risks and implications

6.1 **Financial** – a contribution to the funding for the toolkit was not included in the budget agreed by the Board at the start of this financial year. We can accommodated this funding in the Stakeholder Engagement budget line, and we will review this budget line at the mid-year point. As we have reported in the Q1 Budget Update, we anticipate having resources to reallocate at the mid-year review in the autumn.

6.2 **Legal** – This is the first time that we will have provided funding to a third party to contribute to the delivery a defined outcome, other than through formal procurement arrangements. We obtained advice from our legal advisors that it is competent for us to provide funding directly to a third party in the way we are proposing for the Toolkit.

Our auditors have also confirmed that they are content that it is competent for us to provide funding directly to a third party in the way we are proposing.

And our Scottish Government Finance Business Partner has confirmed that she sees no restrictions that would prevent us from using our budget for this purpose. She has also provided advice on giving grants.

6.3 **Environmental** – none.

6.4 **Equalities & Diversity** – none.

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

6.6 **Communications & Media** – there are minimal risks of adverse media treatment of this. We will communicate the provision of funding to continue the development of the toolkit, emphasising the collaborative nature of this activity and the positives for social landlords from the next phase of the toolkit development.

6.7 **Reputation** – the principal risk in this regard is that the development of the toolkit stalls, because of lack of funding, and we are criticised for not delivering on the commitment we made when we launched the new Framework.

6.8 **For Regulated Bodies** – none directly, although almost all landlords that responded to the consultation on the Regulatory Framework welcomed the proposal to develop the Toolkit in collaboration with representative bodies.

21. 6 August 2019 – Extracts Annual Report & Accounts – the rest is covered by exemption set out in Appendix A

Communication plan
We will lay the annual report and accounts before the Scottish Parliament in September 2019 and publish shortly after. We will promote this publication via our website, twitter, SHR Update and a press release. In line with our environmental policy and standard approach for publications, we will not produce hard copies.

Michael will sign the final designed version of the report and accounts at the Board meeting. We are therefore not seeking further drafting or design changes.

Later in the year the Chair and Chief Executive will be invited to present our annual report and accounts to the Local Government and Communities Committee at the Scottish Parliament. This will provide a further opportunity to promote key messages directly to the MSPs on the Committee as well as a wider audience. Prior to this meeting we will highlight the report publication and key messages to the Committee Clerk.

Audit opinion
Our accounts have been audited by Scott-Moncrieff, who have provided an unqualified audit opinion.

Our Audit and Risk Assurance Committee (ARAC) reviewed the draft report and accounts in June. The Committee agreed to recommend that the Board approves the report, for Michael to then sign. ARAC's Statement of Assurance to the Board can be found with the ARAC update at AG3 08/19e.

Risks and implications
Financial – none, as we have designed the report in-house.

Legal – none.

Environmental – none.

Equalities & Diversity – none.

Privacy & Data Protection – none.

Communications & Media – section four sets our communication plan for promoting the report to stakeholders and the media.

Reputation – the report will form the basis for scrutiny of our work by the Local Government and Communities Committee.

For Regulated Bodies – none.

22.   29 October 2019 – Extracts Chief Executive's report – the rest is not in scope or covered by the exemptions set out in Appendix A
At the time of writing we are less than 10 days from the deadline for landlords to submit their **first Annual Assurance Statement**. By 18 October we had received Statements from 51 landlords. We will continue with our active campaign to highlight the submission date.

As you know, we plan to **visit a number of landlords** over the coming months to help us identify lessons learned from the first round of Annual Assurance Statements. We will select 10 landlords for these visits; 3 local authorities and 7 RSLs. We will select the landlords to ensure we achieve:
- a spread across the country
- a range of sizes of landlord
- inclusion of at least one RSL in a group structure
- inclusion of at least one systemically important RSL
- inclusion of at least one RSL with a significant care provision

We will also review the Annual Assurance Statement to attempt to get a spread of the different types of statement we may receive. Finally, we will consider the spread of landlords across the portfolios our teams mange to ensure an equitable distribution of workload from the visits.

We will announce in November the list of landlords to be visited and we aim to complete the visits by the end of February. Our intention is to publish a lessons learned report on the first round of Annual Assurance Statements by the end of March.

We are nearing the conclusion of the process to refresh the **Statutory Manager List**. We received 23 applications and following the first sift of candidates we are taking 10 applications to the next stage which is to seek references. Six of the 10 candidates are Scottish based (compared to 3 of the 9 successful from the previous exercise). We aim to publish an updated list of statutory managers by the end of November 2019.

23.   29 October 2019 – RSL and Local Authority Housing and Homelessness Services Risk Assessment – redactions are covered by exemptions covered in Appendix A

The Board of the Scottish Housing Regulator

Subject:	RSL and Local Authority Housing and Homelessness Services Risk assessment
Purpose:	For decision
Agenda item:	AG5 10/19
By:	██████████
	████████████████████████
Meeting date:	29 October 2019

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1. Introduction & Purpose

1.1 Our statutory objective is to protect the interests of tenants and others who use the services of social housing landlords. We do this by carrying out our statutory functions which are to monitor, assess and regularly report on all landlords' performance of housing activities and the financial well-being and standards of governance of Registered Social Landlords (RSLs).

1.2 The annual risk assessment is one of the principal ways in which we carry out our statutory functions. This paper sets out the proposed approach for this year's annual risk assessment.

1.3 This will be the first annual risk assessment that will take into account each landlord's own view on its compliance with regulatory standards and requirements, as set out in the annual assurance statement. And, for the first time, we will publish a regulatory status for each RSL.

1.4 The methodology set out in this report builds on the strengths of our previous risk assessments and seeks to deliver on the priorities set out in our Corporate Plan which was published earlier this year.

2. Recommendations

2.1 The Board is asked to approve the approach set out in this paper.

3. Communication plan

3.1 We intend to publish details of the indicators that we will consider in in the annual risk assessment at the end of November and we will publish the outcomes from the assessment, including a regulatory status for RSLs on 31 March 2020.

4. Background

4.1 Our Corporate Plan sets out the priorities that we will focus on to achieve our statutory objective, to safeguard and promote the interests of tenants, homeless people and other service users. These priorities are:
- To embed our new Regulatory Framework;
- Tenant and Resident Safety
- Homelessness
- Affordable Rents
- Value for money; and
- Governance and financial health in RSLs.

4.2 We therefore propose to base our assessment of risk on an analysis of the following key areas:
- Service quality including rent affordability (local authorities and RSLs)
- Homelessness (local authorities and RSLs)
- Stock quality including tenant & resident safety (local authorities and RSLs)
- Financial health (RSLs only)
- Development (RSLs only)
- Systemic importance (RSLs only)
- Governance (RSLs only)

4.3 The appendices to this report sets out our planned approach to each of these elements of our risk assessment for 2019/20 and where appropriate the indicators we will use. We will then use the outcomes from this work to come to an overall judgement of a landlord's compliance with the Regulatory Standards and Requirements to determine our engagement strategy for all social landlords and determine the regulatory status for RSLs.

4.4 Last year, we carried out our risk assessment at the same time as we were consulting on the review of our Regulatory Framework. That risk assessment was therefore based on the previous framework but we were mindful that the new Regulatory Framework would be in place when we were carrying out the engagement that followed from the risk assessment. So we began the transition process during last year's risk assessment. The most

obvious manifestation of this was the publication of engagement plans for all landlords (including plans for local authorities for the first time) as the outputs from last year's risk assessment rather than regulation plans for specific RSLs with which we were engaging.

4.5 One of the key changes in the new framework that we will see for the first time in this year's risk assessment is the provision of Annual Assurance Statements from local authorities and RSLs. We have started to receive these statements and all landlords will have provided these to us by 31 October 2019.

4.6 The statements will give us a new source of evidence about each landlord's view of its compliance with regulatory requirements including the regulatory standards of governance. The statements will tell us whether landlords consider they comply with regulatory requirements, if they have identified any material non-compliance, and if so what they intend to do to improve.

4.7 The new framework requires landlords to be self-aware and analytical about their performance and the Annual Assurance Statement will help us to monitor and assess this.

4.8 We will consider the statements for the first time in this year's risk assessment. Both local authorities and RSLs will express their view on whether they comply with the regulatory requirements and RSLs will also tell us whether they comply with the Regulatory Standards of Governance and Financial Management.

4.9 Another significant change in the new framework is the introduction of a regulatory status for RSLs which reflects our judgment (compliant/working towards compliance/statutory action) rather than in the past, our level of engagement (High/Medium/Low). In April 2019, we published a regulatory status only for those RSLs where we were using our statutory powers of intervention.

4.10 The time frame for the 2019/20 risk assessment and associated regulatory engagement is as follows:

Activity	Start Date	Finish Date	Status
Develop risk assessment methodology	July 2019	September 2019	Complete
Board consideration of methodology	-	29 October 2019	On Target
Publish indicators to be considered in risk assessment	-	November 2019	On Target
Carry out risk assessment	October 2019	January 2020	On Target
Determine the regulatory activity that will be specified in the engagement plan for each landlord	January 2020	Mid-March 2020	On Target
Publish engagement plans, regulatory status and summary of outcomes	-	31 March 2020	On Target
Carry out regulatory activity	April 2020	March 2021	On Target

4.11 The risk assessment is designed to identify all of the activity that we need to carry out in the subsequent year in order to fulfil our statutory duty to monitor and assess each social landlord. And, as in previous years, we will update the plan where there are developments which result in additional regulatory activity.

4.12 The continuing uncertainty around Brexit creates a more uncertain operating environment for all social landlords.

4.13 We are confident that we have identified the key risks but, as highlighted in the Chief Executive's update to the Board, it is important that we continue to plan for a "no deal" Brexit and the impact that this may have on social landlords. We will be mindful of this when we set appropriate thresholds for engagement to reflect our resources and the outcomes from applying the objective criteria set out in the 2019/20 risk assessment.

4.14 We will monitor this closely to ensure that if new risks do emerge, we are able to adapt our assessment to reflect these new risks. We will report back to the Board if this is likely to require changes to our approach to the risk assessment methodology and the resources we have available to respond to this.

4.15 A key component of our regulation has always been a requirement upon landlords to have a robust business planning and control framework as well as effective systems to monitor and accurately report delivery of its plans. Such a framework will include sensitivity analysis and scenario planning and we have written to landlords to remind them of the need to consider more challenging scenarios and sensitivities in the light of the Brexit uncertainty.

5. Risks and implications

5.1 **Financial** – This year's risk assessment takes place against a background of significant regulatory engagement, with five current statutory interventions and a continually growing volume of non-statutory engagement. Our risk assessment process uses objective criteria to define the engagement and assurance we need and we then prioritise these risks taking into account our resources to ensure that we deliver the necessary regulatory engagement. Given the continuing uncertainty around BREXIT and the potential at the time of writing this report for no deal, we will also continue to contingency plan as outlined in the Chief Executive's update to the Board and we may need to deploy our resources to respond to whatever business pressures landlords may start to face.

5.2 **Legal** – None

5.3 **Environmental** – None

5.4 **Equalities & Diversity** – None

5.5 **Privacy & Data Protection** – None

5.6 **Communications & Media** – We plan to publish a summary of the indicators that we will consider as part of this year's risk assessment at the end of November. There is usually some interest amongst the housing media about the focus of the risk assessment and there is likely to be more interest this year as we will for the first time be publishing a regulatory status for all RSLs. We are developing a communications plan to promote this.

5.7 **Reputation** – Our risk assessment process is generally well understood and recognised as an effective way to carry out our regulatory functions.

5.8 **For Regulated Bodies** – Our annual risk assessment will determine the engagement we will have with regulated bodies. This year, for the first time, we are proposing to publish a regulatory status for all RSLs. So as part of our communications plan, we will consider how to promote this new approach.

Appendix One

Service quality

1. We collect data on performance from all social landlords through the Annual Return on the Charter (ARC).

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

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

4. Poor performance on a number of indicators has triggered some form of engagement, for example, we would ask for additional information to give us assurance. Last year a landlord had to be triggered for five indicators or more before we decided to engage with it. We also engage with landlords who are triggered for a smaller number of indicators if we are concerned that there may be an unacceptable risk to tenant and resident safety or in relation to homelessness.

5. Our 2019 risk assessment will assess all RSLs and Local Authorities across a consistent set of indicators. We will monitor performance against 21 indicators over the period of the past 4 years. This will enable us to identify potential issues in terms of absolute performance and also change in performance (through identifying improvement and deterioration).

6. We will use our regulatory judgment, informed by our regulatory priorities, to arrive at a view on the risks to our statutory objective and to determine the engagement that we will require in carrying out our statutory functions.

7. We do this by setting thresholds for each of the 21 indicators as well as looking at any deterioration in performance. In broad terms the threshold represents the minimum acceptable performance for that indicator. Where a landlord falls below the threshold for five separate indicators we will engage. We may engage where we judge performance to be unacceptable for other reasons (for example performance in relation to an indicator which is critical in relation to tenant and resident safety).

8. We will also take into consideration our recent work with those landlords that provide Gypsy/Travellers sites, to assess their compliance with the required minimum site standards. We recently wrote to all site providers seeking assurance about their fire safety arrangements. We will continue to engage with those landlords that have told us that their sites did not meet the standards by June 2018 or where we need further assurance about their fire safety arrangements.

9. In our Corporate Plan we said that tenant and resident safety would be a priority for us. We have seen through recent statutory interventions and serious engagement cases that some landlords have provided us with inaccurate or incomplete information in relation to tenant and resident safety. Further investigation has highlighted serious compliance issues around fire risk assessments, management of asbestos risk, management of legionella risk and electrical testing. We currently collect some limited data from landlords around tenant and resident safety through the Charter but we also supplement our risk assessment on this with additional intelligence which we receive from Significant Performance Failures and complaints or through Notifiable Events.

10. We will use the Annual Assurance Statements to develop our regulation in this vital area. We are considering how we can test how landlords have assured themselves about their health and safety compliance as part of our planned visits to landlords to discuss the Annual Assurance Statements. We are also considering reviewing our recommended practice on asset management which was published in 2012.

11. One key area of tenant safety is in relation to gas safety and each year we consider which landlords do not have 100% compliance with gas safety regulations and we engage with these landlords to understand the reason for non-compliance and the steps they are taking to address this.

12. Finally, we propose again to consider overall satisfaction with factoring services and will look at the Charter Indicator on the percentage of factored owners satisfied with the factoring service they receive for those landlords that provide a factoring service.

13. The 21 **service quality indicators** we will consider for all landlords are as follows:

Indicator	ARC Ref.
percentage of tenants satisfied with the overall service	I1
percentage of tenants who feel their landlord is good at keeping them informed about services and outcomes	I3
percentage of tenants satisfied with opportunities to participate in the landlords decision-making process	I6
percentage tenants satisfied with the quality of their home	I10
percentage tenants who feel rent for their property represents good value for money	I29
percentage of tenancy offers refused during the year	I18
percentage of all complaints responded to in full	I4&5
percentage of all complaints responded to in full within SPSO timescales	I4&5
the percentage of lets to homeless people	CI8
average length of time taken to complete emergency repairs	I11
average length of time taken to complete non-emergency repairs	I12
percentage of reactive repairs completed right first time	I13

percentage of tenants who have had repairs and maintenance carried out in the last 12 months satisfied with the service	I16
percentage of properties that require a gas safety record which had a gas safety check and record completed by the anniversary date	I15
percentage of anti-social behaviour cases reported last year which were resolved within locally agreed targets	I19
percentage of rent lost due to properties being empty during the last year	I34
average length of time taken to re-let properties in the last year	I35
rent collected as a percentage of the total rent due in the reporting year	I30
gross rent arrears as at 31 March as a percentage of rent due for the reporting year	I31
the percentage of new tenancies sustained for homeless people	I20
the percentage of new tenancies sustained for others	I20

Appendix Two

Homelessness

1. The Board has separately considered its approach to homeless at its meeting in June and the proposals set out in this paper reflect the agreed approach. This year we are currently engaging with 23 local authorities on homelessness.

2. The causes of homelessness are multiple and complex and require action and resources from a range of partners across the health and social care sector, as well as housing.

3. In October 2018, the Board agreed that in carrying out our statutory functions we will focus on the areas which are within our remit, maintaining a strong emphasis on landlords' discharge of their statutory duties. This ensures that we will concentrate on areas where we can have the most influence in achieving good outcomes for people who are homeless.

4. The Board agreed we will look to get assurance that people who are homeless, or who may become homeless, are able to access the statutory homelessness process and that councils are meeting their statutory duties. So we will monitor and assess the following outcomes for people at key stages of the homelessness process:
   - **Access** - whether councils are complying with statutory duties to make inquiries into a person's homelessness;
   - **Assessment** - how long it is takes to complete homelessness assessments and the decisions made;
   - **Temporary accommodation** - whether councils are complying with statutory duties to offer temporary / emergency accommodation to people when they need it, the quality of the temporary accommodation, and how long people spend there waiting on a home; and
   - **Outcomes** - how quickly people get settled accommodation after a council has assessed that it has a duty to provide this, the number of lets landlords provide to people who are homeless, and sustainment of those lets.

5. We have previously outlined for the Board the significant policy developments in homelessness have been ongoing since 2017 under the Scottish Government's Homelessness and Rough Sleeping Action Group (HARSAG). The Scottish Government and CoSLA published Ending Homelessness Together: High Level Action Plan in November 2018. The Board has previously noted that some of the actions will have implications for our regulation of local authorities' delivery of services for people who are or may become homeless and that we may need to keep our methodology and decisions about engagement under review to take account of any significant changes in policy/ legislation/ practice prior to the conclusion of our assessment.

6. In June 2019 the Board agreed that our approach will be one which maintains a strong regulatory focus on councils' discharge of their statutory duties to people who are homeless and aligns to the new policy framework, and in particular the transition to rapid rehousing. This is broadly consistent with our current approach.

7. The Board agreed that we would use existing performance information in in our monitoring of local authorities' delivery of Rapid Rehousing Transition Plans (RRTPs). Local authorities' only received notification of the funding for the implementation of RRTPs in July 2019 and therefore there is likely to be some delay in implementing the plans. The SG statistics which will show the impact of RRTP on performance will be the 2019/20 statistics (at the earliest) which will be published in June 2020. Therefore our approach this year will be to develop a baseline performance for each council in order that we can measure progress against this over the next five years.

8. The SG is working with Scotland's Housing Network to develop an approach to monitoring the effectiveness of Rapid Rehousing. The indicators SHN has proposed are broadly consistent with those we identified.

9. We will firstly complete our initial assessment of the data to identify councils' whose statistics show outcomes either above or below the Scottish average and where we may require further information from the council to better understand whether there are any risks to people who are homeless. We will also consider the wider range of information available to us, including:
   - Information gathered during our direct engagement with landlords
   - Complaints, whistleblowing, feedback from third sector groups
   - Reports to elected members and minutes of council meetings
   - LAs' Homelessness Strategies
   - Intelligence gathered from relevant local or national reports about homelessness e.g. the Crisis Homelessness Monitor
   - Intelligence gathered via the Local Area Network
   - Health and Social Care Partnership and Integrated Joint Boards reports and minutes.
   - SG Code of Guidance on Homelessness
   - SG Guidance on Housing Options

10. We will take account of a council's Rapid Rehousing Transition Plan (RRTP) in deciding whether, and how, we need to engage with it. Plans have already been reviewed by the SG, so we will not assess the quality of the plan. We will not monitor the delivery of the plans by assessing councils' progress in delivering the various, and numerous, actions that are set out in the plans.

11. In relation to RRTPs, our focus will be in monitoring the plans' contribution to the outcomes for people who are homeless, having regard to the outcome milestones councils include in their plans. We will monitor local authorities' achievement of outcomes taking account of RRTPs and the outcome milestones each local authority sets, and we will use this in determining how we engage. We will look for assurance that plans will address any issues and that progress is being made.

12. So for example, where a local authority has reported that it has not complied with statutory duty to provide temporary accommodation we will consider how it intends to address this through implementation of the RRTP. If the local authority is achieving the annual outcome milestone for failures to provide temp (so it has reduced the number of occurrences in line with the target it set in the plan – or gave to us) then we won't engage further on that issue.

13. However, if a local authority's plan does not set out annual milestones for improving this outcome, we'll will ask it to produce them, either by amending its RRTP or in a separate document. In doing this, we will rely on our inquiry and information powers and, if necessary, by drawing to the local authority's attention our powers to set performance improvement targets.

14. Local authorities rely on RSLs to help them deliver many of their statutory duties and so we also consider the contribution RSLs are making, particularly in relation to the provision of lets to people who are homeless and tenancy sustainment, through the service quality risk assessment.

15. We will use the following Scottish Government and ARC **homelessness statistics and indicators** to assess the following areas:

ACCESS	Source
Number of homelessness applications*	SG
Number of homelessness applications where rough sleeping occurred at least once in the 3 months prior to application	SG
Number of homelessness applications where rough sleeping occurred the night before application	SG
Number of Housing Options cases where a person has presented for homelessness reasons that go on to make a homelessness application.	SG
ASSESSMENT	
Number of applications assessed within 28 days*	SG
Number of applications assessed as unintentionally homeless, or threatened with homelessness*	SG
Number of applications assessed as intentionally homeless	SG
Number of applications assessed as neither homeless or threatened with homelessness	SG
Number of applications withdrawn prior to assessment decision	SG
Number of applications resolved prior to assessment decision	SG
Number of people with whom council lost contact prior to completion of homelessness assessment*	SG
Number of applications with at least one support need identified	SG
TEMPORARY ACCOMMODATION	
Number of applications that have not been offered temporary accommodation*	SG
Offers of temporary accommodation refused, by type	ARC
Number of placements that breached the Unsuitable Accommodation Order*	SG
Number of households entering temporary accommodation during 2018/19	SG
Average length of time (days) in temporary accommodation across all placements during 2018/19*	SG
Average length of time in temporary accommodation by type	SG
OUTCOMES	
Outcomes for households assessed as unintentionally homeless	SG
Applications where outcome is not known or lost contact before discharge of duty	SG
Number of Scottish Secure Tenancies provided by a local authority to people who are unintentionally homeless*	ARC
Case duration (from homeless application to outcome)*	SG
Number of people waiting for more than 12 months for an outcome	SG
Percentage of tenancies sustained by people who are homeless for more than 12 months*	ARC
Repeat homelessness: households reassessed as homeless within the same year *	SG

Homelessness statistics and indicators table note: * denotes indicators approved by the board in June.

Appendix Three

Stock quality

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

2. We expect effective social landlords to have robust asset management strategies and plans. We also expect landlords to have good quality information in place to inform planned investment and maintenance costs, liabilities and projected spend. We have seen in some of our intervention/serious cases that landlords have not always had robust information on the condition of their stock and have not accurately reported to us their compliance with SHQS. Therefore when we assess risk to the quality of tenants' homes and decide on the level of assurance we need, we consider:
   - how landlords are addressing houses which fail SHQS and EESSH; and
   - whether landlords have good quality, up-to-date information about the quality of their existing homes and future survey plans.

3. We therefore propose to use the following Charter and EESH indicators in our **stock quality risk assessment**:
   - SHQS fails where these have increased;
   - Stock condition survey - coverage;
   - Stock condition survey - age of information; and
   - EESSH fails where these have increased.

4. The Scottish Housing Condition Survey 2017 recognised that a significant number of pre 1919 stock is in critical disrepair (including building elements central to weather-tightness, structural stability and preventing deterioration of the property).

5. To ensure that we monitor the impact this may have on RSLs and LAs we propose to consider the proportion of properties owned which are pre 1919 stock. Assessing this information will allow us to identify landlords who we may wish to engage with to understand their maintenance and funding strategies in areas where pre 1919 stock is giving the greatest cause for concern. We will look carefully at the business plans of landlords with a high exposure to this risk and seek assurance that they are making adequate provision in their business plan.

Appendix Four

Financial Risk Assessment of RSLs

1. One of our priorities in the new Corporate Plan is sustainable Financial Health in RSLs. Our approach to monitoring, assessing and reporting on the financial well-being of RSLs is fundamental to the achievement of this as well as our statutory objective to safeguard the interests of tenants and service users.

2. We have reviewed our financial risk assessment methodology to ensure that it remains relevant and that it supports achievement of our objective. Regulatory Standard 3 (RS3) remains the principal standard governing financial management for RSLs in Scotland. RS3 was amended as part of the Framework Review and now requires that 'the RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay'. We expect all RSLs to comply with this standard at all times.

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

4. The outcome of the financial risk assessment is a financial risk rating which takes into account proximity and impact of all the individual risks. The definitions of the risk ratings are provided in the table below:

Low risk	The RSL's financial profile has provided us with sufficient assurance about its financial position and forecasts over the next five years. Last year, the initial risk rating of 118 RSLs was Low. Following moderation there were 126 RSLs rated as Low
Medium risk	The RSL's financial profile indicates we need additional engagement to gain further assurance about its financial forecasts or to work together on a distinct matter or process. Last year, the initial risk rating of 32 RSLs was Medium. Following moderation there were 29 RSLs rated as Medium.
High risk	The RSL's financial profile indicates we require intensive engagement to gain further assurance about potential risks to financial health over the following 24 months. Last year, the initial risk rating of 8 RSLs was High. Following moderation there were 2 RSLs rated as High.

5. In our engagement planning and work we will prioritise those RSLs which are classified as high and medium risk.

6. We propose to continue with the same themes as last year, looking at:
    - General financial well-being
    - Rent levels and welfare reform
    - Pensions
    - Other activities and group structures
    - Development
    - Treasury

7. Each theme is made up of a number of indicators and the result of these provides an initial risk rating. We then consider whether any of the other information that we have about each RSL gives us a reason to moderate that initial risk rating. We then produce a financial health summary for each RSL, taking into account any other regulatory information we held to allow a financial risk rating to be set. Last year, in total, two RSLs were classified as high risk and 29 as medium risk.

8. We are proposing some additional indicators and as a consequence of the new requirement within the Standards to keep rents affordable we are increasing our focus on those indicators that consider rent levels. This is also in line with the discussions at the Board Workshop on 8 October where the Board agreed that rent affordability continues to be a high priority for us. We now judge that changes in the welfare system present an increasing risk to financial health so we are also increasing our focus on those indicators.

9. The loss of consent powers has meant the potential for a regulatory blind spot in relation to receiving timely treasury management information. Having considered this we propose to ask RSLs that we've identified as needing additional finance in their five year forecasts, to provide us with up-to-date cashflow forecasts.

10. The overall process continues to work well and therefore, wholesale changes are not proposed for this year. We propose some small amendments to incorporate four new indicators and to increase the weighting given to rent affordability have been made to reflect emerging risks and the change in the Regulatory Framework.

11. Below is a summary of the indicators we consider in relation to the **financial risk assessment for RSLs**.

Number	Test	Explanation
General Financial Well-being		
1	DSCR including opening cash balance	DSCR including opening cash considers the ability of the RSL to meet its obligations within the forecast years to pay interest and repay debt finance taking the opening cash balance into account.
2	DSCR excluding opening cash balance	DSCR excluding opening cash considers the ability of the RSL to meet its obligations within the forecast years to pay interest and repay debt finance using net cash from operating activities and interest receivable only.
3	Net liabilities	Compares total assets to liabilities
4	Financial statements qualified?	Considers whether the financial statements have been qualified by the external auditor.
5	Profitability Ratios	Level of gross and net surplus compared to turnover as a percentage.
6	EBITDA/revenue	EBITDA adjusted for capital spend compared to turnover
7	Total operating housing deficit	Considers ability of organisation to generate a surplus from its housing activities.
8	Responsive repairs to planned maintenance	Considers the ratio of revenue and capital planned maintenance to reactive maintenance
9	Current ratio	Assesses availability of liquid assets to cover short term liabilities.
10	Staff costs as % of turnover	Considers the proportion of turnover required to cover the staff costs.
11	Increase in average staff costs	Considers the increase in the average staff costs
12	Senior Management Costs	Considers proportion of key management personnel costs to total staff costs. Data not available in FYFP, so can only use AFS data. Consider level of value for money being offered by CE in relation to number of units owned.
13	Percentage difference in actual from projected	Looks at how good the RSL is at forecasting turnover, operating costs, maintenance and improvement of housing, net assets, rent increases and cash.

Number	Test	Explanation
14	Gearing	Gearing considers the level of debt compared to the net assets of an organisation.
15	Debt per unit	Includes 3 ratios - Debt and net debt per unit ratios measure the level of indebtedness for each unit owned by the RSL. Debt burden considers the level of debt compared to the turnover.
16	Turnover per unit	Turnover per unit considers the amount of turnover that is being generated for every unit owned.
Rent Levels and Welfare Reform		
17	Trends in bad debts, arrears and voids	Bad debts, arrears and voids measure an RSL's ability to rent out units and collect the rental income.
18	Total rent increase and % of turnover spent on past service pension deficit.	This looks at the rent increase details provided in the FYFP and the pension past service deficit payments as a percentage of turnover. The aim is to look at where tenants rent increases potentially may be subsidising additional costs of the pension scheme.
19	Number of times rent is assumed to increase by greater than or equal to quartile 3	Considers the level of total rent increase being forecast by each RSL taking into account the median average rent level.
20	Rent affordability	Considers the actual rent increase disclosed in the ARC with scores applied where the RSL has an increase that is above quartile 3.
Pensions		
21	Movement in DB pension scheme liabilities	Compares movement in pension asset/liability identified in SOFP
22	SHAPS risk rating	Measures risk attached to RSL by SHAPS
23	Open pension scheme	Looks at which pension schemes the RSL is paying into
Other Activities and Group Structures		
24	Other activities operating deficit	Considers the performance of non-affordable housing activities within the RSL
25	Income from non-rental activities	Considers the impact of non-affordable housing activities on the RSL's performance
26	Subsidiaries	Considers impact of subsidiary activity in relation to the RSL
27	Movement in intra-group receivables	Looks at whether or not a subsidiary is repaying the debt owed to the parent.
28	Net surplus/ (deficit) less intra-group receivables	Considers whether a write-off of the intra-group debt causes the RSL to move into a deficit position.
Development		
29	Development where private finance being used	Considers the availability of undrawn facility when private finance is being used to fund development.
30	Development where cash reserves being used	Considers the availability of cash when cash reserves are being used to fund development.
Treasury		
31	Free standing derivatives	Identifies RSLs with a more risky treasury management strategy
32	Repayable capital on loans	Considers the proportion of debt due to be repaid in forecast either on-demand or as a bullet repayment. Considers the proportion of debt being deferred beyond the forecast period.

Number	Test	Explanation
33	Type of interest rate	Considers the proportion of outstanding debt subject to variable interest rates
34	Deal expiry dates	Considers the proportion of debt that has a deal expiry debt within the forecast period. Considers the proportion of debt that has a deal expiry debt out with the forecast period.
35	Working capital cover	Considers the level of cash required to cover operating costs.
36	Liquidity Test	Looks at the availability of cash and undrawn facility to fund 2 years of cash requirements.
37	Net cash inflow/(outflow) over 3 years	Considers where an RSL is forecasting a net cash outflow over the first 3 forecast years in the FYFP in percentage terms.
38	Net cash inflow/(outflow) over 5 years	Considers where an RSL is forecasting a net cash outflow over the 5 forecast years in the FYFP in percentage terms.

Appendix Five

Development activities

1. Development continues to be a key risk area. In 2016 the Scottish Government made a commitment to deliver 50,000 affordable homes over the parliamentary term (2016-2021), with 35,000 of these being for social rent. These plans required a two thirds increase in the volume of affordable housing development from previous levels.

2. As a result, over the past three years many existing affordable housing developers have decided to significantly grow their programmes to help deliver the targets. A considerable number of RSLs who have not developed for a number of years have also decided to start to develop again as set out below:

RSL Development Plans

Year	RSLs developing	Planned units over 5 years
2016/17	93	23,000
2017/18	101	30,000
2018/19	106	33,000
2019/20	112	32,000

3. Programme growth has started to translate into an increase in completions as shown below. Since the announcement of the target in 2016, RSLs have delivered an increasing number of affordable homes each year and project that they will double output in the four years between 2015 and 2019:

RSL completions

Year	Units added during the year	Social rent units added	LCHO units added	MMR units added	Other Tenures added	Total
2015/16	3755					3755
2016/17		2728	101	500	165	3494
2017/18		3048	37	790	39	3914
2018/19		4218	98	719	23	5058
2019/20 (Projected)		5782	89	1181	9	7061

RSL Completions table notes: (i) tenure information was first collected in 2016/17 and (ii) other units includes private rent and some subsequently identified miscoded Mid-market Rent MMR/Low Cost Home Ownership LCHO.

4. Developing RSLs face a far greater range of challenges and risks than those who don't develop and the particular risks they face should be reflected in their business planning processes and strategies. The Regulatory Standards set out the following requirements which are of particular relevance to development:
- Standard 1.1: the governing body sets the RSL's strategic direction. It agrees and oversees the organisation's business plan to achieve its purpose and intended outcomes for its tenants and other service users; and
- Standard 3.3: the governing body has a robust business planning and control framework and effective systems to monitor and accurately report delivery of its plans.

When we consider development we look at the risk that an RSL will not comply with these Standards in particular.

5. We therefore propose that our assessment of development risk will continue to be based on information drawn from:
   - SHR's Five Year Financial Projection Return (FYFP) which includes information on individual RSL plans for the delivery of new units, the tenure mix and funding sources;
   - The Scottish Government (SG) Affordable Housing Supply Programme. The information which SG provides includes details of the committed programme for a three year period and also includes details of individual projects, tenure mix, project costs and the amount of public funding being provided.
   - The local authority Strategic Housing Investment Plans (SHIPs) which cover a five year time frame and although to an extent are aspirational, provide early notice of where RSLs are being considered as development partners; and
   - We supplement this with information from RSL accounts, business plans and development updates provided through our on-going regulatory engagement.

6. The first round of Annual Assurance Statements due to be submitted by 31 October 2019 should also allow us to identify any areas of non-compliance with the Standards which relate to the delivery of the development programme.

7. We propose to focus our assessment on the same key issues which we used in last year's risk assessment:
   - programme factors (scale, tenure, impact on the RSL, consistency with the Scottish Government programme);
   - an assessment of the RSL's capacity to manage both the programme and the resultant organisational impacts; and
   - consideration of the recent assurance (an assessment carried out within the last three years) we have about an RSL's business and financial plans.

8. The indicators we propose to use in this year's **development risk assessment for RSLs** are set out in the table below.

Development risk assessment indicators
Forward Programme Scale – the size of the current programme over the next five years
Forward Programme Tenure – the provision of mid-market rent, low cost home ownership, private rent and outright ownership properties
Forward Programme impact on the RSL – the impact of the forward programme on the size of the RSL
Increase in Programme scale – the change in scale of development plans between the past three years outturn and coming three years planned programme
RSL Capacity – recent experience of delivering a development programme over the past three years
Financial Planning – the consistency between the Scottish Government, SHIP and financial planning information
Compliance with Regulatory Standards – details of any areas of non-compliance with the Standards which relate to the delivery of the development programme.
Overlaid with: **Level of recent assurance** – where we have reviewed the RSLs' business plan over the past three years and have sufficient assurance about its plans.

Appendix Six
Systemic importance

1. Our Regulatory Framework sets out our view that a small number of RSLs may have a profile across several factors – particularly stock size, turnover and size of debt – that they would present the greatest risk to our objective should they experience business failure. Given this, we consider such RSLs to have 'systemic importance'. For these organisations, this means that we receive additional information and assurance in relation to their business plans and financial sustainability.

2. As in previous years, we have reviewed the criteria we use to identify systemically important RSLs and we propose to use the same criteria we used in previous risk assessments as follows:
   - Number of Units owned at 31 March 2019
   - Turnover 2018-19
   - Peak housing debt over the period 2018-19 to 2012-22.
   - Debt per unit at 31 March 2022

3. In addition an RSL could be classed as systemically important based upon the nature of its business, the degree of community dependence, or that it is the parent of a systemically important RSL. This is also unchanged from last year.

4. Currently, there are 23 RSLs which are classed as systemically important, including three RSLs (Cube, Glasgow Housing Association (GHA) and Dunedin Canmore) which are part of the Wheatley Group.

Appendix Seven

Governance

1. Good governance underpins the delivery of good financial health and good services. All of our interventions within RSLs have come about as a result of governance failures. While there are no universally agreed indicators of risk to governance, we collect a range of information which allows us to come to a regulatory judgement on whether an RSL is complying with our Regulatory Standards of Governance.

2. The engagement plans that we published on 1 April 2019 were based on information from the following regulatory returns:
   - ARC submissions received at the end of May 2018;
   - Workflows (notifiable events, applications for consent for disposal or constitutional change);
   - Annual Financial Statements due by the end of September 2018; and
   - Intelligence from current engagement.

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

4. We propose to continue to use all of this information in this year's risk assessment. We also propose to use the quantitative and qualitative information we gather from landlords in relation to:
   - Group structures (number of subsidiaries, complexity of arrangements and nature of subsidiary activity);
   - Notifiable events (number and nature of notifiable events and the governing body's response. We will also consider whether the fact that we have not received any notifiable events from some RSLs indicates potential risk); and
   - Qualitative information including complaints about landlords, whistleblowing and significant performance failures.

5. In previous years, we also considered information we collected as part of our powers to grant consent to any constitutional changes or disposals. This allowed us to identify any such proposals which did not comply with Regulatory Standards before they happened. With the removal of our powers of consent, we no longer have such detailed information in advance of any constitutional changes or disposals. Landlords do however have to notify us of any constitutional changes within a reasonable timescale after they have happened and provide us with assurance about the change or disposal which has been made and the rationale for it. While this means we cannot prevent these changes happening, we would still have scope to raise any regulatory concerns about this with the landlord.

6. In previous risk assessments we have also considered the factors which have led us to use our statutory powers of intervention. So for example, the average length of tenure of members of the governing body has usually been above average and in many cases there were few if any new members joining the governing body in the two years preceding the intervention. Another characteristic of RSLs where we have had to intervene has been a very long serving senior officer and a long serving chair.

7. We cannot say that a combination of a long serving senior officer, a long serving chair and a board where the average tenure is well above average cannot function in compliance with regulatory standards. But we have sufficient evidence to indicate that this type of profile for a governing body carries a heightened risk of a lack of effective challenge to the executive management of the organisation. So we intend to again look closely at RSLs with this profile, in conjunction with information from our engagement with landlords to assess the level of risk in relation to governance. Initial analysis of this year's information suggests that 126 RSLs (around 80% of all RSLs) have one or more Board members who have served for nine years or more.

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

9. This year we will also receive the first Annual Assurance Statements from landlords. The statements will give us a new source of evidence about each landlord's view of its compliance with regulatory requirements including the regulatory standards of governance. The statements will tell us whether landlords consider they comply with regulatory standards, if they have identified any material non-compliance, and if so what they intend to do to improve. This is an important source of evidence about governance and landlords' self-awareness. We will consider the statements for the first time this year when we are deciding whether an RSL is complying with our Regulatory Standards. We will use this information together with all of the other intelligence we have about governance for example from notifiable events and our engagement with landlords to decide on the regulatory status for each RSL ie compliant, working towards compliance or statutory action.

10. The table below shows possible outcomes from our assessment of the Annual Assurance Statements.

Possible outcomes from our risk assessment in comparison with Annual Assurance Statements	Both the RSL and we judge it **Compliant**
	The RSL reports it is **Non-Compliant** and we judge it **Compliant**
	Both the RSL and we judge it **Non-Compliant**
	The RSL reports it is **Compliant** we judge it **Non-Compliant**

11. We will carry out a programme of visits to landlords to seek assurance about the process they followed to develop their Annual Assurance Statement. This will allow us to form a view about the robustness of the process the landlord has followed to develop its statement. We will publish a lessons learned report for the sector in March 2020 which will highlight our findings from the visits and any good practice we have found during the visits. In future years we will use the risk assessment to identify landlords for our programme of Annual Assurance visits.

12. A summary of the indicators we will consider in relation to **governance in RSLs** is set out below:

Indicator	
1	**Staffing** • Turnover for senior staff and all staff • Sickness absence rates
2	**Governing Body (GB) details:** • Numbers on the GB • Those RSLs with 7 or fewer GB members • Length of service for all members. Look at those with >9 years' service and where there are a lot of members with short service. • Date the Chair was elected. We can see Chair's length of service and highlight those > than 5 years.
3	**Equalities - ethnicity and disability information for** • GB members • Staff
4	**Group Structure information (non-financial)** • Number of subsidiaries and description RSLs included in their ARC
5	**Workflows:** • Notifiable events. Numbers reported and where none have been reported. Nature of the events and whether they raise concerns about governance.
6	**Audit activity (AFS source)** • No internal audit • Internal audit and provider (in house or external commission) • Peer provided internal audit • External auditor in place for more than 10 years
7	**Annual Assurance Statements** • Statement submitted • Statement complies with our guidance • Areas of non-compliance
8	**Other** • Whistleblowing • Significant Performance Failures • Complaints
9	RSLs with care activity (AFS)
10	Pensions – where defined benefit schemes only (source AFS)
11	Welfare reform impacts. As a separate exercise in 2018/19 we looked at the impact of Universal Credit on arrears levels. We concluded that because of the delays to roll out it was too early to draw conclusions. This is likely to be the case again for 2019/20.

24. 29 October 2019 – Extracts Quarter Two Corporate Performance Report – the rest is out of scope or covered by exemptions set out in Appendix A

The number of statutory action cases is lowering, but we have a number of intensive cases that could yet develop into statutory action, and engagement remains resource intensive. We continue to engage with most local authorities including with 23 around homelessness.

We are preparing to receive and handle the first annual assurance statements by the end of October. We will be carrying out ten visits to LAs and RSLs to inform a lessons learned report. We will commence our risk assessment, which will lead to us publishing a regulatory status for every RSL for the first time by 31 March 2020.

We have completed our restructuring within both groups and the change programme recruitment is nearing completion.

The Management Team reviewed the risk register on the 24 September and 14 October 2019. The most up to date register is appended. During September it carried an in-depth review in the context of Brexit and will revisit this again in early November 2019.

	RSLs	**From**	**Total Homes**	**Board members**	**Stat Mgr**	**Failure in:**
Current Statutory Intervention	Ruchazie	03/18	225	4	✓	Governance
	Wishaw & District	02/17	979	5̶ now 7	✓	Gov, financial & risk management
	Arklet	02/17	361	3̶ now 2	✓	Gov & financial management
	Thistle	08/18	947	5̶ now 9	✓	Gov & financial management
	Fairfield	12/18	514	7	✓	Gov & mismanagement

RSL Engagement Plans updated   **LA Engagement Plans updated**

Updated engagement Plans

1 Oct - Arklet & Hanover   8 Aug - Whishaw & District
6 Sep - Cairn & Pentland   18 July - DGHP & Welso
29 Aug - ACHA   28 May - Fairfield
21 Aug -Thistle   1 May -Thistle
15 Aug - Cadder

29 Aug - (all in relation to Gypsy/Travellers site standards)
Aberdeen City, Aberdeenshire, Highland Scottish Borders and
West Dunbartonshire

Current reasons for Engagement (where we have identified a need for additional assurance)

	Finance	Development	Governance	Service Quality
RSLs	44	6	26	2
	Homelessness	**Gypsy/Travellers**	**Stock Quality**	**Service Quality**
LA	23	8	6	0

Operating Plan work completed since last performance report

- ✓ Fully launched website, close old website and publish archive
- ✓ Reviewed CivTech
- ✓ Published a report on intervention in Kincardine
- ✓ Reviewed Intervention at Wishaw & District
- ✓ Completed data integrity sense checks & follow up discussions
- ✓ Published our work with the National Panel of tenants and service users
- ✓ Published our National Report on the Charter
- ✓ Published Landlord Reports
- ✓ Provided updated guidance on admin support
- ✓ Met with statutory managers
- ✓ Completed review of Management Team remit & del authorities

- ✓ Refreshed and publish updated comparison tool
- ✓ Published SHR's annual report & accounts
- ✓ Impact assessed software changes with suppliers
- ✓ Reviewed Statutory Intervention in Arklet
- ✓ Refreshed tenant advisor appointments
- ✓ Met with sector Auditors
- ✓ Participated in 3 CIH Roadshows on the new Framework
- ✓ Carried out British Sign Language Plan training
- ✓ Arranged access to registered BSL interpreters
- ✓ Decided on future approach to data collection software

Operating plan work planned for completion during the next quarter

- ➤ Review intervention at Thistle HA
- ➤ Publish a report on work at Dumfries and Galloway Council
- ➤ Review Statutory Intervention in Fairfield
- ➤ Publish & promote tenant guide to regulatory Framework
- ➤ Meet with SG colleagues to discuss strategic sector issues
- ➤ Publish a report on intervention at Dalmuir Park
- ➤ Complete FYFP and LP data integrity sense checks including follow up discussions with landlords
- ➤ Agree handling of first annual assurance statements
- ➤ Issues RAN on cyber security
- ➤ Develop replacement for people survey question about the Board
- ➤ Facilitate mid-year reviews for all staff
- ➤ Publish list of landlords for visits & complete visits
- ➤ Transfer from GSI emails
- ➤ Consider people survey
- ➤ Publish focus of risk assessment
- ➤ Scope a User Experience review of our BI system
- ➤ Refresh AD Forum remit

- ➤ Publish annual statement on public service reform
- ➤ Review contract requirements for BIS infrastructure support contract
- ➤ Renew Cyber Essentials Plus accreditation
- ➤ Review & specify software changes to data collection systems & Microsoft components of BIS
- ➤ Agree scope of National Panel work for 2019/20
- ➤ Complete AFS data integrity checks & follow up discussions with landlords
- ➤ Seek risk assessment methodology approval from Board
- ➤ Submit climate Change return
- ➤ Start annual assurance statement feedback
- ➤ Publish financial statements & metrics and loan portfolio rtn
- ➤ Publish refreshed statutory manager list
- ➤ Organise MT strategy event
- ➤ Publish Charter technical guidance
- ➤ Build and populate contingency planning tool

Since Q1 MT have added the following new operating plan tasks:

- deregistration of Wishaw & District and Arklet Housing Associations by March 2020;
- transition away from GSI email addresses by November 2019; and
- written to all RSLs on tenant safety, Cyber security and Brexit in October 2019
- review the Recommended Practice on asset management by March 2020.

MT noted that publication of the Civtech Chatbot (now called the Digital Assistant), developing our approach to the regulatory status for RSLs, deregistration of Antonine and publication of refreshed factsheets on Whistleblowing, SPFs and Complaints will be during Q4. It also agreed to postpone production of a new edition of *How we will work* covering our work with funders until after March 2020.

ARAC considered the risk register on 4 September. MT discussed risk on 24 September & 14 October. See appended register for details of updates. MT did not add any additional risk mitigation actions to the operating plan.

Notifiable events
Volume & type

■ No. of notifiable events recorded 2018/19

▥ No. of notifiable events recorded 2019/20
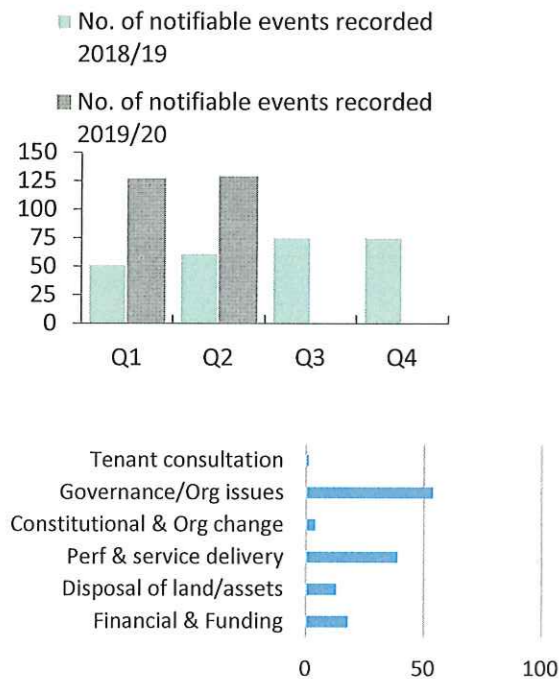
Complaints & Appeals about SHR's decisions – none

Correspondence - We responded to 97% of correspondence within our traget timescales during Q1.

Significant Performance Failures (SPF) - 3 potential SPFs, none met the criteria and we did not investigate them as SPFs.

Whistleblowing - 8 new cases:

- in 4 cases we raised concerns with the governing body and the RSLs are investigating;
- in 1 case were already engaging with the RSL and will consider information;
- in 1 case concerns related to an employer grievance. We took no further action;
- in 1 case we provided information to the whistle-blower and they are considering if they want to take the matter further. We will take no further action until sufficient evidence is provided; and
- in 1 case we have arranged a meeting with the whistle-blower to gather evidence.

FOI/EIR/Subject Access requests

- 2 FOI requests. Info was released in 1 case and the other is ongoing.
- Subject access request - none.
- FOI reviews - none
- No engagement with the Commissioners on requests.

Risk register: for Board 29 October 2019

Last review by MT 15/10/19 (no change to risk). Last review by Board 06/08/19 (no change to risk). Last review by ARAC 04/09/19 (no change to risk, request to MT to review in context of Brexit). Last change in risk: 24/09/19 MT reviewed all risks in the context of potential impact from Brexit, issues updated for R1, R2, R5. Impact score on R1 increased to 8.

Ref	Risk	Issues most likely to lead to the risk crystallising (these will change over time)	Likelihood	Impact	Score	Direction of travel (as updated at MT on 24/09/19)
OA	**We do not achieve our statutory objective of safeguarding and promoting the interests of tenants, people who are homeless, and others.**	*This is the over-arching risk to SHR. By this we mean we fail to prevent significant harm to tenants, people who are homeless or service users. The scoring reflects our aggregate assessment of our risk environment, reflecting on all risks in the register*	4	10	40	→
R1	We experience a significant reduction in quality or break in shared services from Scottish Government, which impacts on our ability to operate effectively.	• Scottish Government makes a request for SHR resources to be diverted to deal with a crisis such as a no-deal Brexit • Scottish Government diverts resources from core shared services • Scottish Government experiences significant operational challenges in maintaining acceptable operational service delivery, for example due to high volumes of recruitment	6	8	48	↑
R2	Our regulatory framework does not work effectively	• We are diverted due to pressures from serious casework • We experience a high level of staff absences or vacancies or staff redeployment in response to Brexit. • We are unable to continue to identify sufficient numbers of suitable statutory appointees (Board members and managers) • We do not have the necessary expertise to implement the framework effectively • We have insufficient capacity to operate the framework effectively even when we have a full staffing complement • We have misjudged the context for social housing / the context shifts so significantly that our framework is no longer relevant • We fail to find an appropriate RSL rescue partner and as a result a landlord becomes insolvent	5	9	45	→
R3	We lose stakeholder support	• Issues arising from casework impact on stakeholder confidence • Stakeholders disagree with significant aspects of our new regulatory framework because they believe it does not take enough account of their feedback • Stakeholders oppose how we implement our new regulatory framework • Our reliance on appointees from bodies we regulate is – or is judged to be - 'regulatory capture' • A landlord insolvency dents stakeholder confidence, particularly lender confidence • Stakeholders have an unrealistic view of what we can deliver with the level of resources available to us	3	8	24	→
R4	We suffer a serious business failure	• We suffer a failure of our core BI or IT systems • We experience a serious cyber attack • We cannot occupy our office accommodation, e.g. because of a safety issue	5	8	40	→
R5	We fail to comply with the duties and expectations as a public body	• We experience a high level of staff absences or vacancies or staff redeployment in response to Brexit. • We have insufficient capacity to respond effectively to existing or new requirements even when we have a full staffing complement • We suffer a serious data breach • We do not operate within our budget	3	7	21	→
R6	We suffer reputational damage as a result of a development outwith our control	• The changing policy landscape brings additional regulatory expectations, e.g. around homelessness and Gypsy/Travellers services, which we are unable to respond to • A major service failure in a social landlord is perceived to be a failure of regulation • A system challenge or change in social landlords' operating environment damages the interests of tenants, people who are homeless or service users, or puts landlords at risk	4	7	28	→

25. 10 December 2019 – Extracts Chief Executive's report – the rest is not in scope or covered by the exemptions set out in Appendix A

The deadline for landlords to submit to submit their **first Annual Assurance Statement** was 31 October. By that date we had received Statements from all landlords except from two RSLs and seven councils. Since then we have received Statements from two RSLs and six councils. City of Glasgow Council has yet to provide a statement and we are engaging with the Council.

As you know, we plan to **visit a number of landlords** over the coming months to help us identify lessons learned from the first round of Annual Assurance Statements. We have selected the following 10 landlords for these visits:

- Argyll Community Housing Association
- Bield Housing & Care
- Caledonia Housing Association
- Easthall Park Housing Cooperative
- Linthouse Housing Association
- Loreburn Housing Association
- Muirhouse Housing Association
- North Ayrshire Council
- Highland Council
- Comhairle nan Eilean Siar (Western Isles Council)

We announced the list of landlords to be visited in November and we aim to complete the visits by the end of February. Our intention is to publish a lessons learned report on the first round of Annual Assurance Statements by the end of March.

Last month we ended our **statutory interventions** in Arklet Housing Association and Wishaw & District Housing Association. Arklet transferred its homes to Hanover (Scotland) Housing Association following a ballot of its tenants in which 98% voted in favour of the transfer on a turnout of 59%. Wishaw & District transferred its homes to Trust Housing Association following a ballot of its tenants in which 97% voted in favour of the transfer on a turnout of 73%. We now have three active statutory interventions in Fairfield Housing Association, Thistle Housing Association and Ruchazie Housing Association.

Dumfries and Galloway Housing Partnership published the results of its ballot of tenants on the proposal to join the Wheatley Group: 95.5% of tenants voted in favour on a turnout of 75.3%.

Last week we published a **summary of the risks** we will focus on in the annual risk assessment.

26. 10 December 2019 – Extracts Equalities Statement – the rest is out of scope or covered by exemptions set out in Appendix A

Risks and Implications - Equalities & Diversity – low. The statement further demonstrates our commitment to equality and human rights, so impacts are positive. It partners the commitments we made/enhanced elsewhere such as in our Framework, Corporate Plan and Annual Report.

27. 11 December 2019 – Audit & Risk Assurance Committee – Assurance Map – redactions covered by exemption set out in Appendix A

Audit & Risk Assurance Committee

Subject:	**Assurance Map**
Purpose:	**For Assurance**
Report status:	**Official-sensitive**
Agenda item:	**12/19 AG 11**
By:	
Meeting date:	**11 December 2019**

1. Introduction
1.1 This paper invites the Committee to review our updated Assurance Map.

2. Recommendations
2.1 The Committee is asked to review our Assurance Map as updated following the Board strategy day in June 2019.

3. Background
3.1 An assurance map is a tool for those that govern to test if they are getting enough assurance.

3.2 In June the Board considered an updated Assurance Map at its strategy day. The Board welcomed the mapping exercise and agreed they were content that it was a comprehensive starting point with no gaps. The Board discussed introducing some monitoring / layering to help the reader understand the activities that assure the Board and / or the Management Team and the frequency of assurance activities so that this can be monitored.

4. Review of Assurance Map
4.1 The Committee are invited to review the updated map which now includes information on frequency and who is involved. It is asked to consider whether it and / or the Board would like to consider the assurance map on a regular future cycle.

5. Risks and implications

5.1 In this section we set out the risks and implications for the Regulator that flow from the issues and recommendations set out in this paper.

5.2 **Financial** – none.

5.3 **Legal** - none.

5.4 **Environmental** - none.

5.5 **Equalities and diversity** - none.

5.6 **Communications and media** – none

5.7 **Reputation** – we have communicated to landlords that assurance maps are a tool for those that govern to test if they are getting enough assurance. We have also indicated on conference platforms that we have developed our own assurance map. Having an good assurance map is therefore positive for our own reputation.

5.8 **For regulated bodies** - none.

Risk mapping	How we will know we have been effective? (source Corporate Plan 2019 – 22)	Frequency	Who	We do the right things and we do them well, and so we safeguard and promote the interests of tenants, people who are homeless, Gypsy/Travellers and factored owners.	We respond effectively when the interests of tenants, people who are homeless, Gypsy/Travellers and factored owners are at risk.	We manage any landlord failures to ensure tenants and service users do not suffer serious detriment, for example, losing their status as social housing tenants.	We are open, transparent and accountable on our approach and performance.	We influence others to focus on our priorities.	Our stakeholders have confidence in how we regulate.	Adequate assurance?
	Management Controls									
R2, R4, R5	Monitoring staff performance against objectives	6 monthly	Line Mang.	✓			✓			
R2, R4, R5	Monitoring group and team work plans	Quarterly	Directors	✓			✓			
R2, R3, R4	Portfolio based structure with case workload oversight by Assistant Directors	Ongoing	A. Director	✓	✓	✓			✓	
R2, R3, R4	Regulation Group casework meetings	As needed	A/. Director	✓	✓	✓	✓			
R2, R4, R5	Operating plan & risk register monitoring	Monthly/ Quarterly	MT / ARAC / Board	✓	✓		✓			
R2, R3, R4, R5	Management Team business oversight	Ongoing	MT	✓	✓	✓				
R2, R3	Lessons learned from statutory interventions	Post-intervene	Reg Group	✓	✓	✓	✓	✓	✓	
R2, R4	People survey results and action planning	Annual	MT				✓			
R1, R5	Budget monitoring	Monthly / Quarterly	MT / Board				✓			
R4	Consistent use of a Programme Management approach	As needed, major projects / programmes	MT				✓			
R2, R3, R4, R5	Complaints review for learning log	Quarterly	MT				✓		✓	
R4, R5	Directors' certificates of assurance to CEO	Annual	Directors				✓			
R1, R4, R5	Financial controls to guard against management override	Ongoing	B. Manager / MT							
	Adequate assurance?									
	Governance Oversight									
R1, R3,	Chair's & Members' report	Each meeting	Chair	✓			✓	✓	✓	
R1, R2, R3, R4, R5, R6	Chief Executive's reports & accountable officer role	Each meeting /	CE	✓	✓	✓	✓	✓	✓	
R1, R2, R4, R5	Quarterly Corporate Performance updates	Quarterly	Board	✓	✓	✓	✓		✓	
R1, R2, R3, R4, R5, R6	Risk management arrangements including quarterly updates and board paper templates	Quarterly	Board / ARAC	✓	✓	✓	✓		✓	
R1, R4, R5, R6	Quarterly budget updates and mid-year reviews	Quarterly	Board				✓			
R1, R4, R5, R6	ARAC updates, oversight of audit recommendations and annual statement of assurance	Quarterly	ARAC				✓			
R3, R5	ARAC and Board self-assessments	Annual	ARAC / Board				✓		✓	
R4, R5, R6	Best Value self-assessments	Annual	MT report to ARAC				✓		✓	
R2, R3, R4, R5	Special topic reports/updates/workshops	Adhoc	All	✓	✓	✓	✓			
R1, R2, R3, R4, R5	Private Board discussions with CEO	Each meeting	CE / Board	✓	✓	✓				
R5	Topic specific Programme Boards	As required	As required	✓	✓	✓	✓	✓	✓	
R5	Matters arising updates	Each meeting	Board	✓		✓	✓		✓	
	Adequate Assurance?									

Risk mapping	How we will know we have been effective? (source Corporate Plan 2019 – 22)	Frequency	Who	We do the right things and we do them well, and so we safeguard and promote the interests of tenants, people who are homeless, Gypsy/Travellers and factored owners.	We respond effectively when the interests of tenants, people who are homeless, Gypsy/Travellers and factored owners are at risk.	We manage any landlord failures to ensure tenants & service users do not suffer serious detriment, eg losing their status as social housing tenants.	We are open, transparent and accountable on our approach and performance.	We influence others to focus on our priorities.	Our stakeholders have confidence in how we regulate.	Adequate assurance?
Independent Scrutiny										
R2, R5, R6	External & Internal Audit scrutiny	Annual	Auditors	✓	✓	✓	✓		✓	
R2, R3, R4, R5, R6	Appeal arrangements	Demand-led	Appeal panl members	✓	✓	✓	✓		✓	
R1, R2, R3, R5, R6	Liaison with stakeholders, e.g. landlord and tenant bodies, SG, Ministers, advocacy groups, auditors	ongoing	Staff / MT / Members	✓	✓	✓	✓	✓	✓	
R2, R3, R4, R5, R6	Liaison with other regulators	ongoing	Staff / MT / Members	✓	✓	✓	✓	✓	✓	
R4, R5, R6	Any decisions from the Scottish and UK information Commissioners and the SPSO	reactive	MT	✓			✓		✓	
R2, R3, R5	Consultation responses & independent analysis	adhoc	MT	✓			✓	✓	✓	
R4, R5, R6	Independent accreditation schemes	As required	MT				✓		✓	
R1, R4, R5, R6	Assurance returns / reports to Scottish Government on corporate responsibilities e.g. climate change, cyber security, corporate parenting, biodiversity	Varied	MT				✓		✓	
	Adequate Assurance?									
External Accountability										
R3, R5, R6	Board & ARAC minutes	Each meeting	ARAC / Board	✓			✓		✓	
R1, R3, R4, R5	Framework agreement with Scottish Government	Every three years	Board	✓			✓		✓	
R2,	Engagement plans	Annual	Lead regulator	✓	✓	✓	✓	✓	✓	
R2, R3, R4, R6	Lessons learned accounts	As needed	Director / A. Directors	✓	✓	✓	✓	✓	✓	
R2, R4, R5	Annual report & accounts	Annual	CE / Board	✓	✓	✓	✓	✓	✓	
R2, R3, R4, R5, R6	Scottish Parliament Committee evidence sessions and real time updates	Annual	CE / Chair	✓	✓	✓	✓	✓	✓	
R2, R3, R4, R5, R6	Complaints learning and FOI logs	Quarterly / ongoing	MT / staff	✓	✓		✓		✓	
R1, R2, RS, R4, R5, R6	Stakeholder groups e.g. Thought Leadership, SI Forum, Framework working group	As needed	MT members / Board members	✓	✓	✓	✓	✓	✓	
R1, R2, R3, R4, R5, R6	Regulatory publications, e.g. Regulatory Framework and guidance, risk assessment focus and outcomes, engagement plans	Thoughout	Reg Group	✓	✓	✓	✓	✓	✓	
R3, R4, R5	Corporate publications, e.g. corporate plan, responsiveness targets, annual report	Annual and throughout	MT	✓			✓		✓	
R4, R5, R6	Board member information including: Declarations Gift & hospitality register	Appointment then Reactive	CG Manager				✓		✓	
R2	FAQs and policy statements (speeches & blogs)	throughout	All	✓	✓		✓	✓	✓	
	Adequate Accountability?									

28.   16 January 2020 – email seeking Board approval for development of Toolkit to support governing body and committee members

Dear all,
You will remember that at the meeting in August last year the Board approved funding of £15,000 to be provided to the Scottish Federation of Housing Associations (SFHA) to continue the development of the Toolkit to support governing body and committee members on self-assurance.

The SFHA published the first element of the Toolkit on 31 July 2019, providing landlords with the questions governing body and committee members could ask to get the assurance they need. At that time the partnership delivering the Toolkit project (SFHA, GWSF, ALACHO and SHR) identified the next stages of the project as:
- reviewing the Toolkit content in response to feedback on the first-cut material;
- developing a web-based platform for the Toolkit; and
- initiating development of guidance on equalities and human rights.

The three representative bodies then engaged with their members to get feedback on the Toolkit and the priority for the next stages. This feedback has informed the review of the Toolkit content which is now nearly completed. Most of the landlords who provided feedback suggested that there was little appetite for a web-based version of the toolkit, and felt that the priority should be the development of guidance on equalities and human rights. The partnership agreed this reprioritisation at its meeting last week and that it would look to develop a programme of work to deliver other pieces of guidance to support the Toolkit.

I would be grateful if you could confirm that you are content for me to release the £15,000 funding on the basis of this reprioritisation and to help fund the delivery of guidance on equalities and human rights and to support a programme of further guidance on relevant aspects of the toolkit.

Thnak you
Michael

Michael Cameron
Chief Executive