

- 5.1 Our risk management strategy was last updated in 2015. Over the last year the Board and ARAC have had a number of discussions aimed at simplifying our approach to risk management and our risk register in particular. At its February meeting the Board agreed it was content with a proposed new streamlined approach to our risk register, focused around a smaller number of strategic risks.
- 5.2 The Board agreed the next step would be for ARAC to consider a revised strategy that reflects the new simplified approach. ARAC did this at its March meeting. It welcomed the draft strategy and in particular the proposed alignment with the operating plan review (within the quarterly performance report). ARAC agreed it would be important to let the new approach evolve and to keep it under review.

6. Updated risk strategy

- 6.1 The draft new strategy retains the same core principles as our current strategy, with the some adjustments aimed at simplifying our approach.
- 6.2 As noted in the February Board paper and discussed with ARAC in March, we want our approach to risk management to be streamlined, to genuinely add value and to be integrated with our other key planning and performance management arrangements.
- 6.3 The Board has agreed the principle that our risk register focuses more on key strategic risks and aligns with enterprise risk management principles by taking a holistic, organisation-wide approach rather than a segmented, localised methodology. Risk tolerance does not feature in the proposed future approach.
- 6.4 We will actively use the risk register to inform our operating plan and prioritise our activities. The key mitigating actions would feature in our operating plan rather than in the risk register itself. As a consequence, we would no longer hold and update 'treatment plans' for individual risks. The Board considered an updated version of the risk register at its March meeting alongside our draft operating plan and indicated it was comfortable with this approach.
- 6.5 One key change in the reshaped risk register itself is a new column of issues most likely to lead to each risk crystallising. As we discussed at the February Board meeting, these types of issues tended to be the 'because' part of individual risks in our current register. The proposed approach to the register recognises that the issues that may cause a risk to crystallise could change over time, and we believe this separation helps to add value to the register.
- 6.6 The current risk register is attached at Appendix 2 to enable the Board to consider the strategy alongside the register. We have the opportunity to discuss the register itself separately under agenda item 8, where we present the register alongside our quarterly performance report.
- 6.7 The main characteristics of the proposed new strategy can be summarised as follows:
- **Streamlined:** we want our approach to risk management to genuinely add value and to be integrated with our other key planning and performance management arrangements. In line with the Board and ARAC discussions in December, we propose to remove risk tolerance from our approach. We will actively use the risk register to shape our operating plan and prioritise our activities. This means that the key mitigating actions would be set out in our operating plan rather than in the risk register itself.
 - **Strategic focus:** the new register retains the principle of a focus on a relatively small number of organisationally-significant risk.
 - **Layered:** to complement the strategic focus, the register includes a new column of issues most likely to lead to the risk crystallising. In our earlier risk register, these types of issues tended to be the 'because' part of individual risks. The approach we are proposing here recognises that the issues that may cause a risk to crystallise could change over time, and we believe this separation helps to add value to the register. Against each risk we have listed the issues broadly in hierarchical order, reflecting the most pressing current challenges. We would expect to see movement in the order over time and issues added / removed.
- 6.8 Our management team has considered and scored the new risks. To help us take account of risk proximity, we adopted a three year window in considering likelihood, which aligns the judgement with the lifetime of our corporate plan.

7. Risks and implications

- 7.1 Given the nature of this paper this section is not relevant.

Appendix 1

Risk Management Strategy

Last updated: May 2019 (for Board)

1 Introduction

Risk is the possibility of something happening that will have an adverse impact on the achievement of our strategic objectives.

Risk management is how we:

- identify risks to our objectives;
- assess their relative likelihood and impact;
- respond to the risks identified; and
- review and report on risks – to provide assurance that our responses are effective, and identify when further action is necessary.

The **purpose** of our risk management system and culture is to protect and enhance our organisation and its reputation. This strategy supports staff, management and the Board to identify the risks that we face and manage them appropriately.

This document outlines our risk process - from risk identification to treating and reporting risks. We will use this both to reduce negative impacts for the organisation and to identify opportunities for improvement.

Our risk management **objectives** are:

- to embed the systematic and continuous identification, evaluation, management and monitoring of risks throughout our operations and in the way we make decisions and prioritise our activities;
- identify all significant risks and take appropriate action to address them; and
- consider risks and implications when making any significant changes to the way we work.

2 Identifying Risk

We use a risk register to consistently record, monitor and report risk across the organisation.

Everyone in the organisation has a role in identifying and managing risks. We will **identify internal and external risks** by:

- reviewing significant changes in our operations or the environment we operate in, including political or legislative changes;
- assessing our programmes and projects, including by using stand-alone risk registers for significant projects / programmes;
- scanning the horizon to look for events which could happen in the future; and
- testing our controls around day to day activities.

Internal risks are factors that we can control or influence, such as how we allocate our staff resources. External risks are factors beyond our control, such as government action or changes to the economy.

We record each significant risk in our risk register. We articulate each risk in a clear and concise way, describing the possible causal factors and the potential impact. This helps us to understand and manage the risk effectively.

Our risk register will have a two-tier approach to describing risks. The first tier is the risk itself. The second tier is a set of issues or situations most likely to lead to that risk crystallising. The issues could change over time, and the change cycle is likely to be different to that of the risk itself.

We assess risks by considering the **likelihood** and **impact** of them occurring. We use our judgement to assess each risk, using the criteria set out in **Appendix 1** as a guide.

We use a 10 by 10 risk matrix to evaluate risks – 10 levels of likelihood and 10 levels of impact. The score on the matrix represents our level of exposure at the time we evaluate the risk.

Likelihood is the probability of an event occurring.

Impact is the severity of consequences should the risk materialise.

Risk rating is the score between 1 and 100 arrived at by multiplying the likelihood by the impact score.

When scoring each risk, we take into account the mitigating controls that we have already implemented.

The Management Team periodically reviews and adjusts risk scores to ensure consistency across the organisation.

3 Responding to Risk

We cannot remove all risk, and we need to take risks in a controlled manner to innovate and develop a positive culture. This means that some level of risk will always exist, and we must identify and manage the risk.

We will meet our strategic objectives by identifying all significant risks and taking appropriate action to address them. We will either eliminate the risk or reduce it to an acceptable level by applying the appropriate mitigating action.

The mitigating actions will feature in our operating plan, and we will provide cross-referencing between our risk register and operating plan to enable us to track the actions we are taking to mitigate each risk.

We aim to reduce the adverse impact of risks to a tolerable level. We will identify and evaluate a range of response options - balancing the cost of taking action against the likelihood and impact of letting the risk occur. We consider the following broad options when dealing with each risk:

1. **Terminate** – remove the risk by not proceeding with the activity that generates the risk, or by carrying out the activity in a different way.
2. **Transfer** – have another party bear or share all or part of the risk (e.g. insurance arrangements).
3. **Treat** – take action to reduce or control the likelihood of the event occurring or the scale of the impact. This is to constrain the risk to an acceptable level, and is likely to be the most common way that we will deal with risk.

Examples of actions to reduce likelihood are authorisation procedures and limits, regular review and compliance, checking of control procedures and staff training. Examples of actions to reduce consequences are public relations and media handling, contingency planning and back up arrangements.

4. **Tolerate** – After we have treated risk, a tolerable level of risk may remain. We will also tolerate risks where we think it is not necessary to treat them, for example where we assess the cost of avoiding or treating the risk as outweighing the potential benefits.

4 Risk Governance, Reporting and Review

Our risk governance structure is summarised below:



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

The Board will:

- review our risk register quarterly alongside updates on our budget and summary operating plan;
- consider any risk reported to it by the Audit and Risk Assurance Committee at its discretion;
- review and refresh the full risk register annually;
- instruct action in respect of risks managed at Board level; and
- consider an annual report from the Chief Executive on the effectiveness of risk management arrangements.

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

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

The Committee will:

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

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

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

- instructing action in respect of risks managed at management level;

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

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

Risk Governance	Level of Risks Reviewed	Information Presented	Frequency
Chief Executive and Management Team	All current risks	All current risks.	Monthly
Audit and Risk Assurance Committee	All current risks	All current risks.	Quarterly
		Update paper describing the development and effectiveness of the internal control environment for risk management.	Annually
Board	Urgent and important risks and issues as required.	All current risks, alongside quarterly performance report.	Quarterly
		Update paper (escalated from Audit and Risk Assurance Committee) describing the development and effectiveness of the internal control environment for risk management.	Annually
		Full risk register review each year.	

5 Staff Risk Responsibilities

The Chief Executive has overall responsibility for ensuring the effective implementation of risk management. All staff have a responsibility to proactively identify risk, and we will encourage them to highlight risks and to make suggestions for action.

The **Chief Executive** has ultimate responsibility for ensuring the effectiveness of our delivery of the system of internal control. This includes the maintenance of our risk register and this risk management strategy.

Management Team are responsible for ensuring that appropriate risk management practices are adopted within their business area. This includes:

- identifying, evaluating, monitoring and reviewing risks to feed into the risk register;
- ensuring business objectives and work streams are risk assessed;
- regularly reviewing the ratings assigned to risks;
- liaising with their teams to update risk treatment plans, decide on the appropriate risk response and implement corrective actions when plans are deemed not to be sufficient;
- addressing any control weaknesses identified by internal and external audits; and
- reporting risks accurately.

The **Director of Digital and Business Support** is the risk lead and will support the operational and strategic management of risk by:

- reporting to the Chief Executive on risk management as required;
- assimilating risk updates and preparing reports for the Board and the Committee;
- reporting annually to the senior management team on the delivery and effectiveness of risk management arrangements;
- co-ordinating our strategic risk management arrangements and maintaining the risk register; and
- periodically reviewing the risk register ratings for consistency.

Staff and Line Managers are responsible for risk management within their areas of control, ensuring that all risks are identified, recorded and managed appropriately. Specific responsibilities include:

- reporting current and emerging risks to their line managers;
- liaising with risk owners to ensure that mitigating actions are appropriate;
- ensuring that risk management is factored into their activities, by including risk management tasks, milestones, meetings, reviews and workshops in their team objectives; and
- attending risk management meetings, reviews and workshops as required.

We use a ten by ten matrix detailing the impact of each risk on the achievement of our objectives, and the likelihood of each risk occurring. The measurement criteria for both impact and likelihood are set out below, followed by a resultant risk matrix showing total scores. The following risk descriptions are for illustrative purposes and do not provide an exhaustive list.

Risk Impact:

Descriptor	Negligible (1-2)	Minor (3-4)	Moderate (5-6)	Major (7-8)	Extreme (9-10)
Objectives / Project	Barely noticeable reduction in scope, quality or schedule	Minor reduction in scope, quality or schedule.	Reduction in scope or quality of project; project objectives or schedule.	Significant project over-run	Inability to meet project objectives; reputation of the organisation seriously damaged.
Injury to visitor / staff	Adverse event leading to minor injury not requiring first aid.	Minor injury or illness, first aid treatment required.	Significant injury requiring medical treatment and / or counselling	Major injuries / long term incapacity or disability.	Incident leading to death or major permanent incapacity.
Complaints / claims	Locally resolved verbal complaint	Justified written complain peripheral to clinical care.	Justified complaint involving lack of appropriate care.	Multiple justified complaints.	Complex justified complaint.
Business interruption	Interruption in a services which does not impact on the ability to continue to provide the service.	Short term disruption to service with minor impact on the ability to continue provide the service	Some disruption in service. Temporary loss of ability to continue to provide the service.	Sustained loss of service resulting major contingency plans being invoked.	Permanent loss of core service.
Staffing	Short term low staffing level temporarily reduces service quality.	Ongoing low staffing level reduces service quality.	Late delivery of key objective due to lack of staff.	Uncertain delivery of key objective due to lack of staff.	Non-delivery of key objective due to lack of staff.
Financial (damage / loss/fraud)	Negligible organisation / personal financial loss.	Minor organisational or financial loss (£1-£10k)	Significant organisational / personal loss (£10k - £100k)	Major organisational / personal loss (£100k - £500k)	Severe organisational / personal loss (£>500k)
Inspection / Audit	Small number of recommendations which focus on minor quality improvement.	Recommendations made which can be addressed by low level of management action.	Challenging recommendations that can be addressed with appropriate action plan.	Enforcement action / Critical report.	Prosecution. Severely critical report.
Adverse publicity	Rumours, no media coverage.	Local media coverage – short term. Some public embarrassment.	Local media – long term adverse publicity.	National media / adverse publicity, less than three days.	National / international media /adverse publicity, more than three days. MSP / MP concern.

Risk Likelihood:

Descriptor	Rare (1-2)	Unlikely (3-4)	Possible (5-6)	Likely (7-8)	Almost Certain (9-10)
Probability	Can't believe this event would happen – will only happen in exceptional circumstances	Not expected to happen, definite potential exists – unlikely to occur	May occur occasionally, has happened before on occasion – reasonable chance of occurring	Strong possibility that this could occur – likely to occur.	This is expected to occur frequently / in most circumstances – more likely to occur than not.

Appendix 2 - Proposed new risk register

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.	<i>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</i>	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.	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> We fail to deliver a new website and are unable to continue to use our existing platform We suffer a failure of our core BI or IT systems We experience a serious cyber attack We cannot occupy our office accommodation, e.g. because of a safety issue 	3	8	24	-
R5	We fail to comply with the duties and expectations as a public body	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 We suffer a serious data breach 	3	7	21	-

12. 14 May 2019 – Extracts Standing Orders, retained decisions & the operation of delegated authorities review – the rest is covered by exemption set out in Appendix A

The Board of the Scottish Housing Regulator

Subject: Standing Orders, retained decisions and the operation of delegated authorities review
Purpose: For Decision
Agenda item: AG 7 05/19
By: Roisin Harris
Contact telephone number: 0141 242 5566
Meeting date: 14 May 2019

1. Introduction

- 1.2 This paper sets out proposed amendments and updates to SHR's Board's standing orders, retained decisions and operation of delegation of statutory powers. A track change and clean version is appended for reference.
- 1.3 The suggested updates reflect changes in practice that have evolved, the recent legislative change around consents and disposals, some clarification and ARAC feedback.

2. Recommendations

- 2.1 The Board is asked to:
- consider the appended package and agree recommended updates;
 - agree that unless circumstances dictate an alternative approach, SHR will review the package again in three years; and
 - agree ARAC will continue to be involved in future reviews.

3. Contribution to statutory objective and regulatory priorities

- 3.1 Governance and financial health is a priority for SHR and our integrity with stakeholders is underpinned by our own effective governance arrangements. Robust standing orders, retained decisions and operation of delegation of statutory powers provide a framework for this.

4. Communication Plan

- 4.1 This is an internal document that will be shared and made available to all staff for reference via our intranet - the Residence with all staff. Board Members will also be provided with a clean copy for reference.

5. Background

- 5.1 SHR Board last reviewed its standing orders, retained decisions and operation of delegation of statutory powers in 2016. As agreed at that time following consideration by ARAC it would review the package after three years. ARAC considered a draft review when it met in March 2019 and feedback has been incorporated in the proposed updates.

6. Risks and implications

- 6.1 **Financial** – none, the Board retains approval of the budget and expenditure and appointment spend limitations are set out in paragraphs 2.16 and 2.17 of the appended package.
- 6.2 **Legal** – none.
- 6.3 **Environmental** – none.
- 6.4 **Equalities & Diversity** – none.

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

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

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

6.8 **For Regulated Bodies** – none.

13. 14 May 2019 – Extracts Quarter Four Corporate Performance report & risk table – the rest is not in scope or covered by the exemptions set out in Appendix A

We are delivering against our operating plan and engagement plans.

Staff absence, particularly longer term absences have continued to rise, but we are expecting improvements to emerge in quarter one. We continue to support staff who are unwell in line with Scottish Government policy and we work closely with HR and occupational health. We are continuing to mitigate absences through the appointment of temporary staff and ongoing recruitment.

We have completed our restructuring within both groups and recruitment is nearing completion. An organogram is appended.

The Management Team reviewed the risk register on 30 April 2019. The updated register is appended to AG6. MT agreed:

- to decrease the likelihood score for risk R1;
- to keep risk R6 under close review due to expectations around homelessness and some emerging health and safety issues in a couple of intensive cases;
- to capture data breach under risk R6 as well as risk R5; and
- that the mitigating actions in the operating plan remain relevant and no new actions are required at this time.

Statutory Intervention cases at end of Q4	RSLs	From	Total Homes	Board members	Stat Mgr	Failure in:
	Ruchazie	03/18	225	4	✓	Governance
	Kincardine	11/17 – 4/19	72	0 now 6	✓	Gov, delivery of services, protection of assets & management
	Wishaw & District	02/17	979	5 now 7	✓	Gov, financial & risk management
	Arklet	02/17	361	3-now 2	✓	Gov & financial management
	Thistle	08/18	947	5	✓	Gov & financial management
	Fairfield	12/18	514	7	✓	Gov & mismanagement
	Dalmuir Park	12/17	654	6	✓	Governance (Intervention ended on 31 March 2019)

Intensive casework	RSLs with High/Medium Regulation Plans at 31/3/19			Change in intensive casework since the end of Q3
	Abbeyfield	Charing Cross	Kendoon	Kendoon was added in February.
	Abertay*	DGHP*		Ancho became a subsidiary of Cairn and is no longer an intensive case.
	West of Scotland	Langstane		From 1 April Craigdale & Wellhouse were no longer intensive cases.
	Whiteinch&Scotstoun	Milnbank		
	Yoker	Strathclyde/Camphill		

Sources	Reasons for engagement
Risk Assessment, data accuracy visits & notifiable events Allegations brought to us & whistleblowing Information from a managing agent	Misconduct, Breaches of & failure to manage code of conduct. Board and management incompetence. Poor control/conduct & understanding of conflicts of interest. Poor management / control of services.

Operating Plan work completed in Q4

- ✓ Publication of Inside Housing Blog 'The root of regulatory problems lie in weak governance'
- ✓ Implementation of removal of consent powers
- ✓ Communication to all RSLs on BREXIT
- ✓ Publication of new Regulatory Framework and associated guidance
- ✓ Preparation for transfer of assets and ending statutory action at Kincardine
- ✓ Ending statutory action at Dalmuir Park
- ✓ Operating Plan and Budget for 2019/20 prepared and approved by the Board
- ✓ Risk register refreshed and risk management strategy updated for Board approval
- ✓ Risk assessments concluded for all landlords
- ✓ Implemented BI changes to allow for publication of the new Framework
- ✓ Annual report narrative drafted
- ✓ Commissioned new website design
- ✓ Implemented restructure
- ✓ Reviewed statutory intervention at Ruchazie and statutory appointees at Antonine
- ✓ Surveyed national panel
- ✓ Agreed Corporate plan for publication
- ✓ Refreshed ARAC term of reference
- ✓ Completed first phase of CivTech

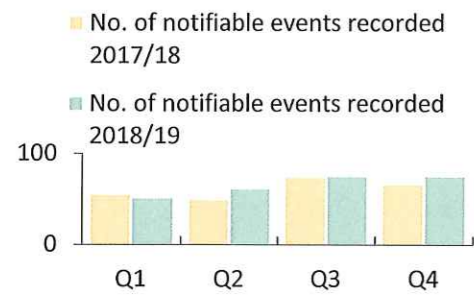
Work planned for Q1 2019/20

- 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
- Develop and provide staff with internal guidance on supporting landlords with Annual Assurance Statements
- 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 end of year reviews for all staff & Board members
- 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

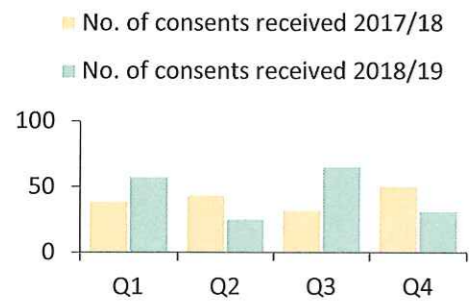
New work added to the operating plan since March 2019 following MT consideration of risk

MT discussed risk on 30 April and agreed no new actions were added to the operating plan.

Notifiable events



Consents received



Consents processed



Significant Performance Failures (SPF)

4 reports of potential SPFs, 3 were not SPFs but we treated one as a complaint and raised it with the landlord. We are investigating the 4th.

Whistleblowing

3 new cases.

- 1 we have asked the RSL to investigate the allegations
- Information gathering ongoing in 2 cases.

FOI/EIR/Subject Access requests

7 FOI requests. 1 withdrawn, 6 responded to within target. 1 FOI review – original decision was upheld.

No subject access requests received.

1 appeal to the Scottish Information Commissioner (SIC) against our decision to invoke our unacceptable actions policy rather than respond to an FOI request. SIC instructed us to carry out a review (effectively to respond to the request). We have now done this (in 19/20 Q1).

Complaints & Appeals about SHR's decisions

No appeal requests or complaints about SHR submitted in Q4.

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.	<i>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</i>	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.	<ul style="list-style-type: none"> Scottish Government experiences significant operational challenges in maintaining acceptable operational service delivery, for example due to high volumes of recruitment Scottish Government diverts resources from core shared services to deal with a crisis such as a no-deal Brexit 	7	7	49	
R2	Our regulatory framework does not work effectively	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> We fail to deliver a new website and are unable to continue to use our existing platform We suffer a failure of our core BI or IT systems We experience a serious cyber attack We cannot occupy our office accommodation, e.g. because of a safety issue 	3	8	24	
R5	We fail to comply with the duties and expectations as a public body	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> The changing policy landscape brings additional regulatory expectations, e.g. around homelessness and Gypsy/Travellers services, which we are unable to respond to A major service failure in a social landlord is perceived to be a failure of regulation A system challenge or change in social landlords’ operating environment damages the interests of tenants, people who are homeless or service users, or puts landlords at risk 	3	7	21	

14. 19 June 2019 – Audit & Risk Assurance Committee report – Extracts Draft Annual report & accounts – the rest is out of scope or covered by the exemptions set out in Appendix A

Scott Moncrieff's work is now complete and they anticipate issuing an unqualified audit report. ARAC is considering Scott-Moncrieff's draft audit report under agenda item 8.

Certificates of Assurance

Certificates of assurance were sought and received from Executive Team members for 2018/19. These were prepared together with internal control checklists to enable the completion of the Governance Statement section of the Accountability Report.

We also received certificates of assurance from Scottish Government in relation to the services we rely upon.

15. 20 June 2019 – Extracts Regulatory Strategy for homelessness – the rest is covered by exemptions set out in Appendix A

Introduction & Purpose

This paper asks the Board to consider our strategy for regulating councils' delivery of services for people who are or may become homeless.

Recommendations

At the Board meeting in May we presented a paper summarising recent and significant developments in homelessness policy in Scotland and set out consequential implications for our regulation of homelessness. That paper is attached at appendix 1 to provide the background to this paper.

At that meeting the Board recognised the imperative for us to align our regulatory approach with the new policy framework for homelessness, and that we should take account of a council's Rapid Rehousing Transition Plan (RRTP) when determining how we engage with the council. The Board asked the Executive to bring back to a future meeting a proposed approach to regulating homelessness that 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 RRTPs.

We are meeting with the Scottish Government on 17 June for an update on its work with councils on finalising RRTPs.

The Board is asked to agree our future strategy for regulating homelessness as recommended at section 5 below.

Contribution to statutory objective and regulatory priorities

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

Communication plan

Engagement Plans will be the main way we would communicate any shift in our engagement with each council, and we will update these accordingly. We have already flagged in each council's plan that we will review our engagement following the finalisation of its RRTP.

We will develop an effective plan to communicate our new regulatory strategy on homelessness.

Risks and implications

Financial – there are no direct financial implications from this paper.

Legal – the legal risks to SHR are set out in the paper at appendix 1.

Environmental – none.

Equalities & Diversity – none.

Privacy & Data Protection – none.

Communications & Media – there is the potential that the media may pick up on possible criticism by stakeholders, particularly advocacy groups, based on a perception that we have stepped back from intervening with councils. We will develop an effective plan to communicate our new strategy on homelessness, emphasising the positives of aligning with the new policy framework.

Reputation – the reputational risks to SHR are set out in the paper at appendix 1..

For Regulated Bodies – this may result in regulated bodies feeling that we have “moved the goal posts”, however, it is more likely that aligning regulation to RRTPs will be welcomed by councils.

Appendix Board paper 14 May 2019

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

Recommendations

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

Contribution to statutory objective and regulatory priorities

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

Communication plan

No communication plan is required for this report.

Policy developments in homelessness

The Scottish Government established the Homelessness and Rough Sleeping Action Group (HARSAG) in October 2017 to provide recommendations to the Scottish Government on the following four areas:

- ways to minimise rough sleeping this winter
- how to eradicate rough sleeping for good
- ways to transform temporary accommodation
- how to bring about an end to homelessness in Scotland

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

In response to HARSAG’s recommendations, the Scottish Government and CoSLA published *Ending Homelessness Together: High Level Action Plan* in November 2018. A number of the agreed actions have implications for our regulation of councils’ delivery of services for people who are or may become homeless, and principally those around:

- Rapid rehousing
- Extension of the Unsuitable Accommodation Order
- Standards for temporary accommodation
- Tenancy sustainment

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

Rapid Rehousing

The Action Plan includes the following action:

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

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

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

The Action Plan goes on to say that:

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

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

Extension of the Unsuitable Accommodation Order

The Action Plan includes the following action:

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

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

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

Standards for temporary accommodation

The Action Plan includes the following action:

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

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

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

Tenancy sustainment

The Action Plan includes the following action:

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

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