



THE SCOTTISH  
HOUSING  
REGULATOR

**Regulatory Code of Governance**  
**Self Assessment Guidance**  
**April 2008 (first issued November 2006)**

For any references to Communities Scotland (or Scottish Homes) please read the  
Scottish Housing Regulator.

# Self Assessment Guidance

## Introduction

We have produced this guidance to accompany the Regulatory Code of Governance. It replaces the self assessment material about governance that was previously provided on Communities Scotland's inspection website.

Self assessment is an important tool for evaluating and improving performance across all parts of an RSL's services and activities, including governance. It has been an established part of "Performance Standards" since 2001, although our experience has been that many RSLs have used self assessment primarily as a way of preparing for external inspection. The importance of self assessment is increasing, as our overall regulatory approach changes and greater emphasis is placed on self-regulation by RSLs themselves.

## Using the Self Assessment Guidance

When we issued the Self Assessment Guidance for consultation, many RSLs said they found it useful and would intend to use it. However, there is no obligation to use this particular approach to self assessment. RSLs are free to adapt the guidance, or to devise different methods of self assessment, if they feel that this would provide a better way of evaluating their performance and identifying areas for improvement.

We know from consulting on the Self Assessment Guidance that some RSLs would like to be able to adapt the format to suit their own preferences. For example, by being able to convert the guidance into tables or scoring formats, or by placing the self assessment questions in the same document as the Regulatory Code and/or the Supporting Guidance.. Word copies of all three documents have been placed on our website, to allow RSLs to use the material in the way that best meets their needs.

## Key Features of the Guidance

- The guidance contains a set of self assessment questions for each of the six subject areas covered in the Regulatory Code of Governance.
- The questions have been framed to help RSLs identify the overall quality of their governance systems and performance, and what they may need to do to achieve the principles and outcomes described in the Regulatory Code.
- The questions summarise key issues from the Regulatory Code and the Supporting Guidance. They can therefore be used to communicate the key features of the Regulatory Code and Supporting Guidance to governing bodies and others in a concise, readily understandable way.
- The guidance uses both open and closed questions. We have made extensive use of closed questions (for example "Do we ....?", "Have we ..."), to emphasise that outcomes or end results are what matter most. Closed questions also allow RSLs to make a quick initial assessment of how they are performing in relation to the Regulatory Code as a whole, if they wish to do this.

- However, there is limited value in using the guidance simply to record yes/no answers. Effective self assessment requires thought and discussion; being explicit about what evidence there is to support the conclusions reached; and stating clearly what improvements need to be made. We have not prescribed how self assessment results should be recorded, but we would encourage RSLs to approach self assessment in a meaningful way, rather than as a tick box exercise which is restricted to yes/no answers.
- A rounded, evidence-based approach to self assessment requires an input of time and resources. There is no obligation to consider all of the self assessment questions in the guidance in detail at the same time. An RSL could choose to assess its performance on a staged basis; or it could choose to focus on the questions which are most relevant to its own governance at a particular point in time.

The self assessment questions reflect issues which Communities Scotland may examine in our regulatory engagement with RSLs on governance. Since regulatory engagement will take different forms in future, the self assessment questions should not be regarded as a checklist for inspection.

Whether using this guidance or different methods, an effective approach to self assessment will help RSLs demonstrate their governance performance to Communities Scotland and other stakeholders.

## **Regulatory Code Part 1**

### **The RSL's purpose and outcomes**

- **How clear are we about what we are trying to achieve as an organisation?**
  - Have we agreed and written down what our purpose and objectives are?
  - Does the governing body have our purpose and objectives at the front of its mind when it is developing our plans and strategies and when it is making major decisions?
- **Is the work of the governing body focused on strategic issues and on reviewing performance against our intended outcomes?**
  - How well do our plans, structures, reports and meetings help the governing body to achieve this?
- **How well are we doing in achieving our intended outcomes?**
  - How effective is our approach to planning and performance management in helping the governing body to set our objectives and monitor performance in achieving these?
  - Do we have sufficient information about what service users think about the quality of service we provide? How do we use this information in our planning and in our decisions about how to improve service quality?
  - What range of information do we have about our performance and costs? How well do we use this information when we are planning and making decisions?
  - How well do we understand how our performance and costs compare with similar organisations?
- **How effective are we at involving our service users and employees?**
  - How effective is our approach to consulting and informing service users about major decisions that affect them? What do service users think about our approach?
  - Do we know what issues are of greatest interest to service users and their preferred ways of working with us? How do we reflect these views and preferences in our approach to managing our services and making improvements?
  - How do we involve employees in our planning process? Are our employees clear about what our objectives and priorities mean for their areas of work? How well do we manage and support the performance of our employees, based on our organisational objectives and priorities?

## Regulatory Code Part 2

### Performing effectively in clearly defined functions and roles

- **How does our approach to governance reflect our organisational purpose, characteristics and complexity?**
- **Does the governing body provide good leadership and exercise control effectively? How does the governing body do this?**
  - Are the governing body's functions and responsibilities clearly documented? Do our governing body members fully understand their role and responsibilities? How do we support them to do this?
  - Does the governing body carry out these functions and responsibilities in practice?
  - Does the governing body work together effectively as a team?
  - Do all members of the governing body take collective responsibility for decisions?
  - Do all members understand and meet their obligations to act in accordance with the best interests of our organisation and its service users, irrespective of how they were elected or appointed?
  - Are our sub-committees and chairperson fully accountable to the governing body?
- **How effectively do our governing body and senior officers work together?**
  - Is there a clear separation between the roles and responsibilities of the governing body and senior officers?
  - Do we work in accordance with clear standing orders, remits and delegated authorities?
  - How well do our meetings work? What could we do to make them more productive and do our business more effectively?
  - How do the governing body and senior officers view the quality of working relationships? Are relationships with senior officers based on trust, effective scrutiny by the governing body, and high quality communication?
  - Do delegations to senior managers enable our services and organisation to be managed effectively, while ensuring there is proper accountability to the governing body for decisions and performance?
  - Have we made appropriate arrangements for the supervision, support, remuneration and appraisal of our senior officer?
- **Do we regularly review the effectiveness of our governance arrangements and performance, and take action to make any improvements needed? How do we do this?**
- **Does the composition of our membership and governing body ensure that no other organisation has undue influence on our decision making?**
- **If we are part of a group structure:**
  - Are identities, responsibilities and relationships within the group explicit?

- Does our governance practice strike an appropriate balance between the rights of the parent, and the ability of subsidiaries to act independently? Do governing body members within the group understand and manage conflicts of interest appropriately?
- Do we regularly review and act upon the effectiveness of governance and control relationships within the group?

## **Regulatory Code Part 3**

### **Promoting values for the whole organisation and demonstrating the values of good governance through behaviour**

- **Do we have clear values that we expect the governing body and employees to demonstrate in their behaviour and actions?**
  - Do these values guide our approach to decision making and the actions of our staff?
  - How effective are we at promoting equality and diversity in our governance arrangements?
  - Are our governing body members and employees bound by high standards of personal conduct (for example, through codes of governance/conduct and related policies)?
  - How well are we achieving these standards in practice? Do we fully investigate any alleged breaches of standards and take action where they have not been met?
  
- **Do we manage payments and benefits effectively?**
  - Do our governing body members and employees understand what restrictions apply to payments and benefits, in relation to their personal position and the business of our organisation?
  - Do we comply with the law and regulatory guidance on payments and benefits?
  - Do our operational procedures on allocations, jobs and commercial contracts support this effectively?
  - Is information about payments and benefits which are subject to statutory controls and/or regulatory guidance available to the public?
  
- **Do we manage potential conflicts of interest effectively?**
  - Do our governing body members and employees understand what might represent a conflict of interest, based on what our organisation does and their individual role?
  - Do we require all of our governing body members and employees to make a declaration of interests?
  - Are declarations of interests made by governing body members and senior officers a matter of public record?
  - Do we ensure that any conflicts of interest which occur are managed appropriately, to uphold our own reputation and the reputation of the RSL sector as a whole?
  
- **Do we have an open and effective approach to dealing with gifts and hospitality?**
  - Do we deal in a proper, transparent way with the giving and receiving of gifts and hospitality?
  - How do we know that our policy and procedures are followed, and that all offers of gifts and hospitality are recorded?

## Regulatory Code Part 4

### Taking informed, transparent decisions and managing risk

- **Does our governing body receive the information it needs to carry out its governance responsibilities to a high standard?**
  - How good are the reports and other information the governing body receives?
  - Do the governing body and senior employees take time periodically to discuss the quality of reports and other information?
  - Do our reports allow the governing body to focus effectively on its key roles of providing strategic direction and holding senior officers to account for the organisation's performance?
  - Where necessary, do we take action to improve the quality of information the governing body receives if this will help improve scrutiny and decision making?
  - Do we take professional advice to inform our decision making when it is sensible and appropriate to do so?
  
- **Is our decision-making transparent?**
  - Do we publish minutes of our governing body and committee meetings, or make these freely available on request?
  - Do we make reports and other information freely available on request, to show how we have arrived at major decisions?
  - Do we apply clear and reasonable criteria if there are circumstances in which it is not possible to make minutes, reports and other information available?
  - Do we provide our service users with good quality information about decisions that affect them?
  
- **How effective is our risk management system?**
  - Does the governing body oversee our approach to risk management and understand the most important risks we face as an organisation?
  - Have we recorded and presented to the governing body information about the most important risks facing the organisation?
  - Do we take action to minimise and manage the risks to which we are exposed?
  - Does the governing body consider risks explicitly when it making major decisions, and does it act prudently to safeguard our assets, property and reputation?
  - Have we embedded risk management in our organisational culture and working practices?
  - Do we have systems for internal control that are tailored to the risks we face?
  - Is internal audit carried out effectively? Do we have (or do we need) an audit committee?
  - Does the governing body review the effectiveness of our internal controls and monitor what action is taken to make any improvements needed?
  - Do we publish a statement by the governing body in our annual accounts about the effectiveness of our internal controls?

## **Regulatory Code Part 5**

### **Developing the capacity and capability of the governing body to be effective**

- **Do we have the right blend of skills and experience, based on the purpose, characteristics and complexity of our organisation?**
  - Have we decided what range of skills, experience and interests our governing body members should collectively possess?
  - Are our constitution and our election and recruitment processes geared to meeting these needs? Do we need to consider changing our constitution or processes?
  - Are we proactive in trying to attract people from different parts of society and people who can bring different experiences and perspectives to the governing body?
  - If we do not apply skills-based recruitment methods, do we use induction and training to build the capacity of our governing body to perform its role effectively?
  - If places on our governing body are subject to nominations by other organisations, is there a dialogue about the skills and experience prospective governing body members should possess?
  - Does our senior management team have the right blend of skills and experience? Do our senior managers have the resources and support they need to manage the organisation effectively?
  
- **How effective are we at supporting governing body members and developing the governing body's skills and knowledge?**
  - Do we provide good quality induction and follow-on support for new governing body members?
  - Do we provide all members of the governing body with opportunities to develop their skills and update their knowledge, based on our governance needs and strategic objectives?
  - Do we review how well our governing body is carrying out its role, as a group and/or as individuals?
  - Do we act on any areas where we identify development needs?
  
- **What is our approach to achieving the right balance between continuity of membership of the governing body and planning effectively for its renewal?**
  - How well are we doing in striking a balance between retaining experienced members and attracting new ones?
  - Are we using succession planning in a way that is appropriate to our governance needs?

## **Regulatory Code Part 6**

### **Engaging stakeholders and making accountability real**

- **How effective are we at involving service users in our decision making?**
  - Are we meeting our legal obligations in relation to tenant participation?
  - How do we consult service users and how do we ask for their feedback? Do we make proper use of the feedback we receive?
  - What range of methods are we using to be accountable to our service users, members and the communities we serve, and with what results?
  - How successful are we in devolving decision making to community level?
  - What part does membership play in making us accountable, and what level of member involvement are we achieving?
  - Do we encourage and support service users to be involved in the governance of our organisation, for example by becoming members of the governing body or participating in devolved decision making? What results are we achieving?
  
- **Do we have an open approach to informing stakeholders about our work?**
  - Do we meet all of our legal and contractual obligations to provide information to service users, members, regulators and funders?
  - Do we provide service users with a good level and quality of information about our performance and about issues that affect them? What do service users think about our performance in doing this?
  - Do we publish an annual report and make this widely available to all of our stakeholders?
  - Do we provide service users with information about the responsibilities of our governing body and senior staff?
  - Do we provide members of the public with access to information about the proceedings of our governing body?
  - Do we always respond positively to requests for information, unless there are justifiable reasons for withholding it?
  - Do we make our service users aware of what information they are entitled to see?
  
- **Are we properly accountable to our employees?**
  - Do we consult and involve our employees in decision making?
  - How well do we communicate with our employees?
  - Do we have good systems for managing and supporting the performance of our employees?
  - Do we have effective systems for protecting the rights of employees who raise concerns about wrongdoing?

## Regulatory Code of Governance

### Appendix to Self Assessment Guidance

### Useful References and Websites

These pages provide a list of publications and websites that may be useful in reviewing or developing governance practice.

The information provides signposts to possible sources of information, chosen for their practical focus. The information is not a “must read” list, nor does inclusion of particular items mean that Regulation and Inspection endorses their contents.

Where items are publicly available online at no cost, we have included hyperlinks to the relevant documents. The hyperlinks are correct as at November 2006, but these may change if the publishing organisations change or update their websites.

Additional governance support tools are currently being developed by the Scottish Federation of Housing Associations (SFHA). We will add these to the list, as they become available.

### Useful References

#### Rules, Constitutions and Structures

- Scottish Federation of Housing Associations (2003), *Model Rules for Housing Associations & Co-operatives 2003*, SFHA<sup>1</sup>
- Scottish Federation of Housing Associations (2001), *Raising Standards in Housing Chapter 14: Subsidiaries and Group Structures*, SFHA

#### Governance Policies and Model Documents

- National Housing Federation (1999), *Governance...The Small Print: a Range of Model Governance Documents Covering Key Policy Areas*, NHF
- National Housing Federation (2001), *Group structures...The Small Print: a Range of Sample Group Structure Documents Covering Key Policy Areas*, NHF

#### Codes of Governance and Codes of Conduct

- Scottish Federation of Housing Associations (2003), *Code of Governance for Committee Members*, SFHA<sup>2</sup>
- National Housing Federation (2004), *Competence and Accountability 2004: Code of Governance*, NHF
- National Council for Voluntary Organisations (2004), *Best Behaviour: Using Trustee Codes to Improve Governance Practice*, NCVO
- National Council for Voluntary Organisations (2005), *Good Governance: A Code for the Voluntary and Community Sector*, NCVO

#### Communities Scotland Guidance Notes

- Communities Scotland, Regulation and Inspection, [Regulation and Inspection Guidance Notes](#), Communities Scotland

#### General Resources for Committee/Board Members

- Employers in Voluntary Housing (2003), [Committee Members Handbook](#), EVH

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<sup>1</sup> Separate federal and local housing organisation models also available. 2003 Model Rules due to be revised by SFHA

<sup>2</sup> Also being revised by SFHA

- Employers in Voluntary Housing (2006), [Jargon Journal: Words and abbreviations used in the voluntary housing movement, 7th edition](#), EVH
- Scottish Federation of Housing Associations (2003), *Committee Members' Handbook*, SFHA

### **Strategic Planning**

- Employers in Voluntary Housing (2003), [As Easy as 1,2,3: Putting the Logic Back into Internal Management Planning](#), EVH
- Scottish Federation of Housing Associations (2004), *Guidance Booklet No. 9 (Revised): Internal Management Plans*, SFHA
- The Housing Corporation (2003), [Ahead of the Game: a Good Practice Guide to Business Planning](#), The Housing Corporation

### **Committee/Board Member Recruitment and Learning**

- National Council for Voluntary Organisations (2006), [Trustee Recruitment Toolkit](#), NCVO
- National Council for Voluntary Organisations et al (2006), *National Occupational Standards for trustees and management committee members*, NCVO

### **Committee/Board Review**

- National Council for Voluntary Organisations (2002), *Good Governance Action Plan and Workbook*, NCVO
- National Housing Federation (1998), *Approaches to appraisal: a handbook for the effective board*, National Housing Federation

### **Avoiding and Managing Governance Problems**

- The Housing Corporation (2006), [With the Best of Intentions: Learning from Problem Cases 3](#), The Housing Corporation

### **Risk Management and Audit**

- Employers in Voluntary Housing (2001), *Developing and Implementing an Effective Risk Management Strategy: A Guide for RSLs*, EVH
- Scottish Federation of Housing Associations (1999), *Raising Standards in Housing Chapter 3: Internal Audit*, SFHA
- Scottish Federation of Housing Associations (2000), *Code of Audit Practice*, presented in 2 parts as Appendix 6 of *Raising Standards in Housing Chapter 3 (Internal Audit)* and Appendix 9 of *Raising Standards in Housing Chapter 10 (Financial Management)*, SFHA
- Scottish Federation of Housing Associations (2002), *Raising Standards in Housing Chapter 17: Risk Management*, SFHA
- The Housing Corporation (2004), [Improving the Effectiveness of Audit Committees: Good Practice Guide](#), The Housing Corporation
- The Housing Corporation (2002), [Embedding Risk Management - Some Tips and Tactics](#), The Housing Corporation

### **Openness and Accountability**

- Scottish Federation of Housing Associations (1999 and 2002), *Raising Standards in Housing Chapter 4: Governance & Accountability and Chapter 18: Access to Information*, SFHA
- National Housing Federation (2000), [Openness and Accountability: Advice on what your Annual Report should Contain](#), National Housing Federation

**Useful Websites**

The following websites contain useful material, including online material:

- [Employers In Voluntary Housing](#)
- [Housing Corporation](#)
- [National Housing Federation](#)
- [Scottish Federation of Housing Associations](#)
- [SHARE](#)
- [Public Concern at Work \(PCaW\)](#)
- [NCVO Governance Hub](#)