



THE SCOTTISH
HOUSING
REGULATOR

Regulatory Code of Governance
Supporting Guidance
April 2008 (first issued November 2006)

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

Introduction

This Supporting Guidance provides a practical commentary on the meaning of the Regulatory Code of Governance.

The guidance should be regarded as a tool to assist RSLs in identifying how they can achieve the high standards of governance which are described in the Regulatory Code. It sets out our view, as the main regulator of the RSL sector, of good governance practice on the range of matters described in the Regulatory Code.

Where the guidance describes mandatory requirements, the word “must” is used in the text. We have also used the symbol **L** to highlight legal obligations which RSLs must meet. However, the majority of the guidance describes regulatory expectations rather than mandatory or legal requirements, i.e. matters which we would expect RSLs to **consider** in deciding how they will meet the Regulatory Code, in their individual circumstances.

The guidance provided on each topic is brief and high level, allowing RSLs flexibility in devising solutions which are appropriate to their circumstances and which will address the requirements stated in the Regulatory Code. On many of the topics, RSLs may wish to refer to other sources of guidance or support. For example, representative bodies are developing a number of practical support tools, in parallel with the Regulatory Code.

The Supporting Guidance should not be regarded as a compliance checklist, nor will Communities Scotland use it for this purpose in future regulatory engagement on governance. Overall, RSLs should be able to demonstrate that their chosen approach to the range of matters described in the Regulatory Code and Supporting Guidance results in high quality governance practice and outcomes.

Regulatory Code Part 1

The RSL's purpose and outcomes

The role of the governing body *Regulatory Code 1.1*

The governing body's most important functions are to provide strategic direction and to monitor the outcomes the RSL is achieving. Governance arrangements and systems should reflect this, so that the governing body's main focus is on the RSL's strategy and overall performance.

The RSL's senior officers have a key role to play in helping the governing body to perform its strategic role effectively, by providing information, advice and support.

Planning and performance management *Regulatory Code 1.2 and 1.3*

Each RSL should have systems for planning and performance management which are fit for purpose in relation to its business needs. These systems should support the achievement of the RSL's strategic objectives and continuous improvement in the quality of its services.

While RSLs are not obliged to adopt any particular method of strategic planning or performance management, all RSLs should have a core document for strategic planning. This will usually be the internal management plan or equivalent. Some RSLs may need additional documents, such as a business plan produced for funders, or plans relating to specific initiatives, activities or services.

Advised by the RSL's senior officers, the governing body should regularly review the outcomes the RSL is achieving in relation to its strategies, plans and targets. The governing body should receive a range of information about outcomes, to help it make an objective and well-balanced assessment of the RSL's priorities, progress and achievements.

Typically, this should involve the governing body receiving information about:

- Costs and broader financial information
- The effectiveness of the RSL's performance (for example, based on the targets and performance indicators in its performance management framework)
- Service user satisfaction and views¹
- Comparison with other organisations.

Stakeholder involvement *Regulatory Code 1.4*

Service users and other stakeholders

RSLs should provide their service users with opportunities to be involved in, and consulted about, major proposals or decisions which will affect them. This will include working with registered tenants organisations, where these have been established.

¹ Throughout the Supporting Guidance, the term "service users" covers tenants and other people using the services provided by RSLs.

Overall, RSLs must ensure that they meet their legal obligations relating to tenant participation. [L](#)

RSLs should communicate their purpose, strategy and performance in a way that meets the needs of service users and other stakeholders.

The governing body should be satisfied that:

- The RSL knows how service users wish to engage with the organisation
- The RSL provides opportunities for participation and engagement which take account of those preferences.

Some RSLs may choose to involve service users directly in their strategic planning processes. In other cases, service users may prefer to engage with the RSL on particular issues.

RSLs should inform their members and service users about major issues relating to the organisation's strategic direction (for example, if constitutional or significant structural changes are being considered).

Employees

RSLs should ensure that their employees are well informed about the organisation's objectives and priorities, and know the contribution they are expected to make towards achieving these.

An RSL's organisational culture and the quality of internal communications are widely recognised as critical elements of effective governance and management. All RSLs should regularly consider and act upon:

- How they engage and communicate with employees about the RSL's objectives and priorities
- How they manage and support the performance of their employees, to maximise the RSL's ability to achieve its objectives and priorities.

Meeting the RSL's obligations *Regulatory Code 1.5*

RSLs each have distinctive constitutional objects and contractual obligations. RSLs may have different and/or additional statutory obligations, for example charity law, if the RSL is a registered charity.

All RSLs should be clear about their objects and obligations. They must ensure that all of their existing and proposed activities are consistent with these. [L](#)

Regulatory Code Part 2

Performing effectively in clearly defined functions and roles

Governance roles and responsibilities *Regulatory Code 2.1, 2.2, 2.3 and 2.4*

The effectiveness of working relationships between the governing body and senior officers is critical to effective governance and achieving an RSL's objectives.

Working relationships should be based on a clear understanding of respective roles and responsibilities. The governing body and senior officers should share responsibility for ensuring that working relationships are constructive, mutually supportive and are based on effective communication.

Decision making structures and systems for delegation should ensure that:

- The governing body's focus is on determining strategy and policy, and on holding senior officers to account for the management and performance of the RSL;
- Senior officers are empowered to manage the organisation effectively, within a framework of controls established by the governing body.

RSLs should provide all of their governing body members with clear information about their role and responsibilities. This can be addressed, for example, in the RSL's code of governance, standing orders or in a separate role description document. New governing body members should receive induction and other support to confirm their understanding of their role and responsibilities.

Information about governance responsibilities should be tailored to reflect the RSL's circumstances. For example:

- If the RSL is charitable, governing body members must also understand and meet their trustee duties under charity law. [L](#)
- If the RSL is part of a group structure, governing body members must be clear about governance relationships and responsibilities within the group, so that each group member meets its legal obligations. [L](#)

Governance documentation should place all members of the governing body under a clear and binding obligation to accept collective responsibility for decisions which have been properly made and to act in the best interests of the RSL and its service users at all times. All governing body members should meet these obligations, irrespective of how they were elected or appointed. This includes any members who have been nominated to governing body membership by other organisations or bodies.

Membership of the governing body by the RSL's employees *Regulatory Code 2.4*

Neither employees of the organisation, nor their close relatives, should act as members of the governing body.

For the purposes of this part of the Regulatory Code, Communities Scotland regards a close relative of an employee as a person who meets the definition provided in Part 1 of Schedule 7 of the Housing (Scotland) Act 2001.

As an exception to this general rule, one senior employee may be a co-opted member of the governing body, provided that:

- The RSL's constitution permits this, and
- The governing body has decided this is appropriate to the RSL's governance needs.

Governance documentation and supporting systems *Regulatory Code 2.4, 2.5, 2.6 and 2.7*

Governance roles and responsibilities should be documented clearly, and should reflect the RSL's business needs.

All RSLs will need a clear framework which describes:

- The functions of the governing body and how its business will be conducted;
- Matters reserved to the governing body for decision;
- The role, remit and delegated powers of any sub committees;
- The role and remit of the RSL's chairperson and other office-bearers;
- Delegations by the governing body to senior officers;
- Arrangements for reporting on the exercise of delegated authorities to the governing body and/or sub committees.

RSLs should assess regularly whether governance roles and responsibilities are being carried out effectively. The frequency and scope of such assessments should reflect the level of complexity, risk and change associated with the RSL's governance, and the effectiveness of its governance structures.

The governance research published by Communities Scotland in 2005 concluded that there is strong empirical evidence that effective governing bodies will typically have between 12 and 15 members, including any co-opted members. This is reflected in the Regulatory Code.

If an RSL's governing body exceeds 15 members, it should assess periodically how this is affecting the quality of decision-making, the ability of all members to contribute fully, and the effectiveness of conducting business.

It is not Communities Scotland's position that RSLs must revise their constitutions to reduce the size of their governing body. For example, if an RSL is operating with a larger governing body and regular reviews demonstrate that this is working effectively, there may be no reason to change. If reviews indicate that the size of the governing body is having an adverse effect on the quality of governance, the options for managing the resulting risks should include changing the size of the governing body, by seeking to make constitutional changes.

Governance relationships *Regulatory Code 2.6*

Good governance requires capable leadership, excellent communication and effective working relationships, within the governing body and between the governing body and senior officers. RSLs should regularly reflect and act upon these aspects of their governance, to ensure high quality performance and to reduce the risks of ineffective governance and management.

Independence *Regulatory Code 2.8*

Unless they are constituted as the subsidiary of another RSL, the Regulatory Code states that RSLs must not be under the control of any other body. The references to “control”, “undue influence” and “undue reference” in the Code are defined as follows:

- Powers or voting rights that allow another organisation or body to be able to appoint or remove a majority of an RSL’s governing body;
- Powers or voting rights that would prevent the RSL from being able to amend its governing instrument;
- Constitutional arrangements or working practices that would enable governing body members nominated by another organisation or body to unreasonably influence the business conducted at general meetings of the RSL or at meetings of the governing body.

Where relevant, RSLs should ensure that these obligations are reflected in their governance documentation and operating practices.

Governance within group structures *Regulatory Code 2.8*

Different independence requirements apply where an RSL is constituted as the subsidiary of another RSL. Within group structures, the parent RSL must have constitutional control over its subsidiaries. [L](#)

This can be achieved through:

- Powers to control the majority of votes at a general meeting of a subsidiary, and/or
- Powers to appoint and remove a majority of the subsidiary’s governing body.

The RSL’s powers of control should be enshrined in the subsidiary’s governing instrument, taking account of the legal status of members of the group. For example, if a parent RSL has a charitable subsidiary, it may only exercise these powers in the best interests of the charity. In addition, a charitable subsidiary must have operational independence while it is properly carrying out its charitable purposes. [L](#)

The governing body of a subsidiary should not comprise the same people as the parent’s governing body. While a degree of overlap is acceptable, the governing body of a subsidiary should have sufficient members to form a quorum independently of people who are also governing body members of the parent organisation. It is also advisable to ensure that each group member has a different chairperson.

People who are governing body members in more than one organisation within a group should have a clear understanding of their governance responsibilities.

Governing body members should act in the interests of the committee or board on which they are serving at the time of any meeting, subject to the additional obligations which apply to governing body members of charities to always act in the interest of the charity. RSLs should provide their governing body members with clear guidance on declaring and managing any conflicts of interest which may arise, based on the group's objectives and structure.

RSLs which are the subsidiary of another RSL must operate in accordance with "Performance Standards". If the parent RSL is not registered with Communities Scotland, the subsidiary registered in Scotland must obtain an undertaking from its parent that:

- The office where the subsidiary's business is conducted will be in Scotland;
- All of the subsidiary's records, files and documents will be kept or be available in Scotland; and
- All meetings involving the subsidiary's governing body will be held in Scotland.

RSLs in group structures should regularly review the effectiveness of governance and control arrangements within the group. This is particularly important in more complex group structures where there may be higher levels of governance risks.

Regulatory Code Part 3

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

Organisational values *Regulatory Code 3.1 and 3.2*

The governing body should take the lead in establishing and promoting values for the RSL and its employees. As independent organisations, RSLs should establish their own distinctive values. In doing so, they should consider legal, regulatory and policy requirements which are relevant across the sector as a whole, in particular:

- Legal obligations relating to equal opportunities; **L**
- “Performance Standards”; **L**
- The Nolan Principles¹, which summarise the values on which good governance is based (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).

Standards of Conduct *Regulatory Code 3.3*

All members of the governing body should sign and adhere to a code of conduct which sets out the standards they are required to meet. Governing body members should be clear when signing the code that they have given a personal commitment to meeting the RSL’s standards.

RSLs should be explicit about how they will deal with failure to meet the required standards. This should include clear procedures for investigation, and a clear statement of the circumstances in which removal from the governing body will take place. RSLs should also be clear about how they will deal with cases where a governing body member persistently fails to adhere to standards but the individual breaches would not by themselves lead to removal from the governing body.

The removal of a governing body member on the grounds of misconduct may be based on a simple majority of the remaining members of the governing body voting in favour of this.

RSLs should also establish clear standards which their employees are required to meet, through a staff code of conduct and/or related policies and procedures, including disciplinary procedures.

Payments and benefits *Regulatory Code 3.4*

The RSL’s policies and practice in relation to payments and benefits must comply with the law and regulatory guidance, including charity law where relevant. **L**

¹ Committee on Standards in Public Life, 1995. The continued relevance of these values is endorsed in the Langlands Principles, on which the Regulatory Code of Governance is based.

RSLs should establish policies which regulate the payment of out of pocket expenses to governing body members and the giving and receiving of gifts and hospitality. Gifts and hospitality provided and/or received should be recorded in a register. As a matter of good practice, the RSL's register of gifts and hospitality should be publicly available.

All RSLs must:

- Maintain a register of payments and benefits granted under the Special Exceptions to Part 1 of Schedule 7 of the Housing (Scotland) Act 2001;
- Provide access to the Schedule 7 register to Communities Scotland and to the public;
- Ensure that the RSL has effective systems to allow it to make any personal data held on the register available to the public and to Communities Scotland without breaching the Data Protection Act. [L](#)

Conflicts of interest *Regulatory Code 3.5*

Managing conflicts of interest in a transparent way is a key requirement of the Regulatory Code. A conflict of interest is any situation in which a governing body member's personal interests, circumstances or relationships or their outside activities and interests could be perceived by others to affect their independence and objectivity.

Each RSL should have a clear policy and effective procedures for identifying, declaring and managing conflicts of interest.

Specific legal obligations apply in RSLs that are charities. Governing body members must act in the interest of the charity, and in circumstances that might give rise to a conflict of interest, they must:

- Put the interest of the charity before the interests of any person responsible for their appointment and,
- Where any other duty prevents the governing body member from doing so, disclose the conflict of interest to the charity and refrain from participating in any decision of the governing body. [L](#)

To ensure conflicts of interest are identified and managed effectively, all RSLs should:

- Require their governing body members to provide a declaration of interests;
- Maintain a register of such declarations which is available for public inspection;
- Record any conflicts of interest which occur in minutes of governing body meetings;
- Decide how to manage any conflicts of interest which are material;
- Be prepared to be publicly accountable for their decisions about how conflicts of interest are managed.

RSLs should have a clear approach for dealing with situations where governing body members have more than one interest in a matter, but no conflict of interests is involved. For example, this could apply where someone has an interest in a matter as

a member of the RSL's governing body and as a member of a community group which works with the RSL.

Where material conflicts do arise, the key principles which Communities Scotland expects RSLs to apply are that:

- The governing body member(s) affected should not vote on the matter or participate in the governing body's decision. The remaining members of the governing body should decide if the member(s) affected should withdraw from the meeting or remain.
- Governing body members who have major or ongoing conflicts of interest should consider resigning.
- Public perception should always be considered if the governing body's decision will benefit a governing body member or any person or organisation with whom they are associated:
 - Could the governing body defend its decisions to the RSL's service users and regulators, or in the face of media interest?
 - Would the conflict of interest involved prevent the RSL from demonstrating that it is operating independently of other organisations and that it is taking decisions in the best interests of the organisation and its service users?

Regulatory Code Part 4

Taking informed, transparent decisions and managing risk

Provision of information to the governing body *Regulatory Code 4.2 and 4.3*

The information provided to governing bodies should be based on the RSL's individual business needs.

Key aspects of good practice which RSLs should consider are that:

- Decisions by the governing body should be based on reports which are clear, timely and objective and which members receive in advance.
- Senior officers should provide the governing body with all of the facts it needs to make informed decisions. Where appropriate to the decisions it is being asked to make, the governing body should have access to professional and/or independent advice.
- The rationale for major decisions and the wider implications should be made explicit to the governing body. For example, reports should refer as appropriate to the RSL's strategic objectives; financial considerations; legal and other obligations; the options available to the RSL; key risks; information about service users' views and/or any implications for service users.
- Reporting methods should enable the governing body to regularly review the outcomes the RSL is achieving in relation to its strategies, plans and targets.
- The governing body and senior officers should regularly review the effectiveness of performance reporting methods, so that the governing body exercises effective scrutiny without receiving excessive levels of information about operational issues.

Ensuring transparency in decision making *Regulatory Code 4.4*

RSLs should be open and proactive in communicating major decisions which will affect their stakeholders. In communicating with service users, RSLs must meet their legal obligations to provide tenants with information and the commitments made in their tenant participation strategies. *L*

The public record of governing body meetings and sub-committee meetings should be freely available, for example upon request by a service user, tenants organisation or member of the public, or by being placed on the internet if the RSL has established a website. Reports submitted to the governing body should also be made available on request.

There may be occasions when access to minutes, reports or other information needs to be restricted, for example on data protection grounds, or where information is judged to be commercially sensitive. Decisions to refuse access to information on these grounds should be made with reference to the circumstances of each case.. For example, information is not necessarily restricted under data protection legislation because it identifies an individual by name.

Risk management *Regulatory Code 4.5*

Overseeing the RSL's approach to risk management is a core function of the governing body. While the governing body retains ultimate responsibility for risk management, it should receive information and advice from the RSL's senior officers and/or professional advisors, to help it perform this role effectively.

The governing body should:

- Be aware of the most significant strategic, operational and financial risks affecting the RSL.
- Receive appropriate advice from suitably qualified persons on matters where there may be material risks to the RSL.
- Act prudently to safeguard the RSL's assets, property and reputation.
- Consider risks explicitly when the governing body is making major decisions (for example, financial risks and the impact of decisions on the RSL's service users, employees, assets and reputation).
- Be satisfied that:
 - There are appropriate systems for internal control and that these are incorporated in the RSL's management and governance processes (for example, internal audit, and the RSL's policies, procedures and reporting methods);
 - The effectiveness of these systems is regularly reviewed.

Governing bodies are required to provide a statement on internal financial controls to be published with the annual accounts. RSL auditors also have a duty to report to the governing body on any material control weaknesses that they become aware of during the statutory audit.

Beyond this, RSLs should make a risk-based assessment of how to obtain assurance on their systems of internal control, based on their individual circumstances. They should also have regard to the Code of Audit Practice for RSLs.¹

¹ The Code of Audit Practice forms part of the Financial Management and Internal Audit chapters of "Raising Standards in Housing", published by the Scottish Federation of Housing Associations.

Regulatory Code Part 5

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

Governing body composition, skills and experience *Regulatory Code 5.1 and 5.2*

The range of skills and experience needed on governing bodies will depend on each RSL's purpose. Approaches to filling governing body places will also be influenced by:

- Whether governing body members are elected or appointed;
- The pool of prospective governing members an RSL can draw on, and the level of interest in governing body membership;
- The range of methods an RSL uses to involve service users in decision making;
- The views of stakeholders on the skills required. For example, funders may wish some RSL governing bodies to include people with business or financial skills and experience, based on the scale of financial commitment involved.

All RSLs should have:

- A considered view of the range of skills, knowledge and experience needed to achieve high standards of governance in their particular circumstances;
- A clear strategy for ensuring that the governing body has (or is developing) the knowledge and skills needed to meet the RSL's governance needs.
- A commitment to promoting diversity, by encouraging people from different sections of society to come forward as potential governing body members.

RSLs should:

- Periodically review the collective range of skills, knowledge and experience they need;
- Decide how any gaps will be addressed, for example through the RSL's approach to recruitment, succession planning and governing body member learning and development.
- Decide how they will balance skills and diversity in membership, if the RSL selects some or all of its governing body members solely with reference to the skills they possess.

The guidance accompanying the Langlands Principles suggests that in such cases, the search for a more diverse membership of the governing body should not be at the expense of a membership that has the necessary skills. At the same time, the Statutory Code of Practice in Racial Equality in Housing published by the Commission for Racial Equality in 2006 requires housing organisations to ensure equality of opportunity if they are recruiting and appointing governing body members. [L](#)

As a matter of policy, any RSL can apply skills-based recruitment methods to identify potential governing body members. People identified in this way may then have to stand for election, depending on the terms of the RSL's constitution.

For other RSLs, the preferred approach may be to ensure that there is a strong emphasis on training and development **after** appointment, to ensure that the governing body has the range of skills, knowledge and experience needed. This approach will be particularly relevant if the composition of the RSL's governing body is determined by an electoral process which does not involve any prior assessment of skills.

These approaches are not mutually exclusive. For example, some large RSLs choose to use skills-based recruitment methods for independent board member places but not for tenant board member places.

Similarly, smaller, community-controlled organisations with open electoral processes can achieve an element of skills-based recruitment. For example, people with particular skills, experience or perspectives can be appointed by co-option. In addition, RSLs can provide interested people with support or awareness training before they stand for election, although there is no guarantee of election, if places on the governing body are contested.

Learning and Support

Regulatory Code 5.3

All RSLs should provide support to help governing body members meet their learning and development needs.

Providing appropriate induction for new members and enabling existing members to access training and learning opportunities are both essential, if members of the governing body are to fulfil their role and responsibilities and to meet the RSL's governance needs.

There are a wide range of approaches to supporting learning and development. The Regulatory Code does not prescribe how individual RSLs should manage this: representative bodies are taking a lead role in providing RSLs with support in this area.

Reviewing governance performance *Regulatory Code 5.4*

Governing bodies should review periodically:

- How well they are performing their governance roles and responsibilities;
- The quality of the governing body's working relationships with senior officers, for example in relation to standards of communication and reporting;
- Whether the RSL is attracting and retaining the balance of governing body members it needs.

The governing body is responsible for deciding how often such reviews need to be carried out, and what they should cover. For example:

- Will the RSL focus on reviewing the **collective** working of the governing body?

- Or does its governance context mean that the RSL also wishes to review the contributions and development needs of **individual** governing body members?
- Does the RSL need to implement succession planning measures, to ensure that it is able to fill governing body places in the future and/or to fill key positions of responsibility such as the chairperson, when the current chairperson stands down?

It may also be relevant to consider the role of RSL's senior officer in supporting effective governance of the RSL, during appraisals of the senior officer's performance.

Balancing continuity and renewal *Regulatory Code 5.4*

The governing body should have a clear strategy for achieving its own renewal, beyond the turnover provisions contained in the RSL's constitution. Methods for attracting potential governing body members should be tailored and proportionate to the RSL's circumstances.

For example, the focus of succession planning in some RSLs may be on developing the experience of people with the potential to become office-bearers, in other organisations the priority may be to attract the governing body members of the future.

Nomination of governing body members by other organisations or bodies *Regulatory Code 5.5*

In some RSLs, other organisations and bodies have rights to nominate members to the governing body. In these circumstances:

- The RSL should set out clearly the set of skills and perspectives that would be most helpful.
- The nominating organisation should consult the RSL about the skills and experience it considers to be necessary or desirable in the new governing body member.

Regulatory Code Part 6

Engaging stakeholders and making accountability real

Tenant and service user involvement in decision making

Regulatory Code 6.1

RSLs must meet their legal obligations in relation to tenant participation. **L**

RSLs whose activities are regulated by the Scottish Commission for the Regulation of Care have additional regulatory obligations in relation to service user involvement.

RSLs should seek to devolve decision making to community level, taking account of tenant/service users' wishes. In larger RSLs, this may involve adopting formal structures, such as area or local management committees, which may be either consultative or decision-making in nature. RSLs should also establish effective working relationships with tenants organisations, which may be registered or unregistered.

RSLs which are constituted as membership organisations should have a clear view about the role membership plays in the organisation's accountability. If membership is not a significant part of the RSL's accountability strategy, it should be able to demonstrate that it is proactive in using other methods to promote accountability, and that these methods are delivering demonstrable results.

All RSLs should enable service users to participate in the management of the organisation, for example by encouraging and supporting service users to become members of the governing body. RSLs which are community-controlled will typically wish to have a strong service user perspective on their governing bodies, whereas those which are larger or which have a more specialist purpose may place a greater emphasis on attracting members with other skills and experiences.

Whichever approach individual RSLs choose to adopt, service user membership of the governing body should be one of a range of methods the RSL uses to be accountable to service users and to involve them in decision making.

Making information available *Regulatory Code 6.2, 6.3 and 6.4*

RSLs should have a positive approach to making information available about their activities, decisions and performance.

RSLs should always meet their legal and contractual obligations to provide information to tenants, members, regulators and funders. **L**

RSLs should be proactive in publishing information about their activities, consistent with the expectations of their service users and other stakeholders. Service users should receive regular information about decisions which will affect them. They should also be made aware of the range of information they can expect to receive, or are entitled to ask for.

As a matter of good practice, all RSLs should consider publishing an annual report which provides information about their activities, governance, performance and finances. RSLs which are charitable should have regard to any future legal obligations to publish an annual report.¹

Minutes of governing body and other meetings should be published or made freely available to anyone who asks to see them. RSLs should also consider making governing body reports available, either by publishing these or by making them available on request.

The Regulatory Code is based on the principle that RSLs should always respond positively to requests for information, unless there are justifiable reasons for withholding it.

There will be occasions when it may not be appropriate to make information available, for example for reasons of commercial confidentiality or where personal information about third parties is involved. RSLs should establish clear definitions about any restrictions they may apply and have a clear policy framework for managing requests for information.

Regulators and Funders *Regulatory Code 6.5*

RSLs must comply with information requests properly made by Communities Scotland and any other regulatory bodies. **L** This includes complying with Communities Scotland's guidance on "exceptional notifiable events".

Similarly, RSLs must ensure that they comply with all of their contractual obligations towards funders, and that they are open in disclosing any material factors which may affect the RSL's ability to meet those obligations. **L**

Whistleblowing *Regulatory Code 6.7*

Concerns expressed by people from outside an RSL (for example, tenants and service users) should always be investigated and acted upon appropriately.

However, this final section of the regulatory Code deals specifically with "whistleblowing", ie concerns raised by people **within** the RSL.

RSLs should have clear procedures which enable individuals to report in confidence any concerns they may have about possible fraud, corruption or other wrongdoing within the organisation. Procedures should also be clear about the circumstances in which concerns can be reported to external bodies such as the Police, regulatory bodies etc.

Procedures and working practices should reflect the statutory protections offered to employees who express concern about wrongdoing in the workplace. **L**

¹ There is no such legal obligation at the date of issuing this guidance (November 2006), but annual reporting requirements for charities are currently being reviewed.

As a matter of good practice, the RSL's whistleblowing procedures should extend to concerns raised by members of the governing body, as well as employees.