



**Scottish Housing
Regulator**

Annual Report 2011/12

Contents

Chair's Foreword	2
About the Scottish Housing Regulator	3
Our Priorities and Achievements in 2011/12	5
The Journey Ahead – 2012 Onwards	8

Laid before the Scottish Parliament by the Scottish Housing Regulator, September 2012, SG/2012/172.



Chair's foreword

It is not often that a regulator has the chance fundamentally to review the way it operates. Yet, this is precisely the opportunity we were given when the new and independent Scottish Housing Regulator was created by the Housing (Scotland) Act 2010.

This is our first annual report and describes our activities and progress in 2011/12. It was a year of transition, as we developed, consulted on and published a new regulatory framework. During the consultation we toured Scotland extensively as we were keen to hear the views and suggestions of all our stakeholders, from tenants and others who use the services of social landlords, to local authorities, registered social landlords (RSLs) and housing professionals. I was particularly impressed by the commitment and dedication of the people I met.

Clearly, the interest and level of response reflected the importance of our regulatory proposals and helped shape our thinking as we finalised our approach. We were also conscious of the challenging economic environment, increasing funding pressures and implications of welfare reform. Such factors also influenced our regulatory framework, which we published in February 2012.

I also welcomed the opportunity to give our feedback to the Scottish Government as part of its consultation on the Scottish Social Housing Charter. Monitoring and assessing landlords' performance against the Charter will be an important aspect of our future work. In our drive to help ensure good outcomes for tenants and others, we will also focus our regulatory engagement with social landlords on good governance and effective financial management.

Running alongside our work on our regulatory framework, we also put in place our new organisational arrangements. Our new identity, branding and website are important parts of this new era and culture, and reflect our vision for the Regulator.



From April 2012 we get down to the business of regulating. Our Corporate Plan 2012-15 sets out our intentions and priorities for the next three years. Our work will focus on promoting good outcomes for current and future tenants, homeless people, Gypsies / Travellers and owners who receive services from social landlords. Designed to build on the evident strengths of our predecessor, we will focus on becoming more streamlined, developing a flexible approach and honing our analytical and regulatory skills.

I would like to thank my fellow Board members: Lisa Peebles, Simon Little, Sid Patten and Alex Condie, for their hard work during the year. Their commitment and quick grasp of the issues we face have impressed me. On behalf of the Board I would also like to thank all our staff for their hard work to support us during 2011/12.

I look forward to the challenges of our next year.

A handwritten signature in black ink that reads "A. Kay Blair". The signature is written in a cursive style and is positioned above a horizontal line.

Kay Blair
Chair

About the Scottish Housing Regulator

Our statutory objective and how we are accountable

We are the independent regulator of registered social landlords (RSLs) and local authority housing services in Scotland. We were established on 1 April 2011 under the Housing (Scotland) Act 2010. During 2011/12 our primary focus was to consult on our future approach to regulation, and prepare for taking on our full regulatory and corporate functions in April 2012.

Our organisation is the successor to the Scottish Housing Regulator agency, which exercised Scottish Ministers' powers under the Housing (Scotland) Act 2001 until 31 March 2012.

We are directly accountable to the Scottish Parliament.

We have one statutory objective:

"to safeguard and promote the interests of current and future tenants of social landlords, people who are or may become homeless, and people who use housing services provided by registered social landlords (RSLs) and local authorities".

Our Board

During 2011/12 we were led by a Board of non-executive members appointed by Scottish Ministers following an open public appointments process. The Board sets our strategic direction and ensures that we focus on the right things.

Kay Blair (Chair)



Kay joined the Scottish Housing Regulator because she saw an excellent opportunity to help shape the new, independent regulator. She believes effective regulation can drive good outcomes for tenants and others and can add value to those it regulates. She is keen to see intelligent, proportionate regulation based on effective risk assessment and good judgement.

Sid Patten



Sid has been involved in the regulation of industry practice in a number of sectors. He was attracted by the opportunity and the challenge of constructing a modern, fit for purpose regulatory regime providing essential tenant and service protection alongside effective sector engagement.

Simon Little



Simon has over twenty years' experience in social housing and related fields. He has particular expertise in homelessness and community care issues.

Lisa Peebles



Lisa is committed to the empowerment of tenants and residents in the development and protection of their communities. Lisa is a tenant of Southside Housing Association.

Alex Condie MBE



Alex has a particular interest in the services people receive from housing and homeless providers. He is a tenant of Fife Housing Association and in 2008 received an MBE for services to social housing in Fife.

Our set up

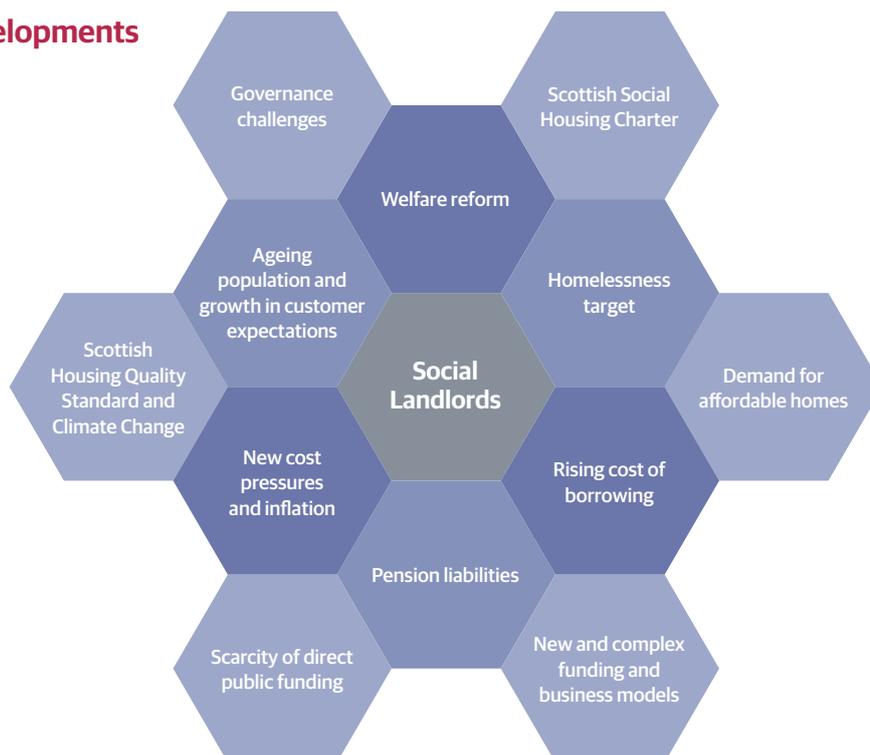
Our Board was appointed on 1 April 2011. During 2011/12 the Board operated alongside the existing Scottish Housing Regulator agency and its staff. The agency provided funding for the Board's work (and staff support). The cost of this work is therefore included within the agency's final annual report and accounts for 2011/12. Our Board members' remuneration for 2011/12 is set out below:

	Remuneration	Commitment
Chair	£20,072	2 days per week
Board member	£8,372 each	1 day per week

The Board met formally 12 times during 2011/12 and held a number of workshops and additional meetings to focus on the development of our new regulatory framework. The Board publishes its minutes on the Regulator's website.

We established and monitored a transition year risk register. We had a clear focus on risk during our first year, and early in 2012 we started to develop a risk management strategy, risk register and arrangements for our Audit and Risk Assurance Committee in preparation for our full role from April 2012.

Key risks & developments



Our identity and culture

We took time to consider the sort of regulator we want to be. We will:

- » be independent, dynamic and focused on customers of social housing;
- » be accountable, transparent and add value;
- » be business like in our approach;
- » be effective at assessing risks in order to target our resources; and
- » be a consistent and fair regulator.

Our operating environment

We also took time to explore and develop our understanding of the key challenges, risks and developments for social landlords. These impact on outcomes for tenants and other service users, and we have reflected them in our regulatory priorities and expectations.

Our Priorities and Achievements in 2011/12

Our first year

During our first year, we had four main priorities. These were to:

- » develop, consult on, finalise and publish our regulatory policy framework;
 - » contribute to the development of the Scottish Government's Scottish Social Housing Charter;
 - » build and maintain effective relationships with our stakeholders; and
 - » develop our governance arrangements and prepare for taking on our future corporate responsibilities;
- We delivered on all four of these priorities by 1 April 2012.

April 2011

» A new Board is formed and Kay Blair is appointed as Chair

Scottish Ministers appointed our Chair and four Board members on 1 April 2011. Over the summer the Board worked intensively to come together as a leadership team, develop our business and agree our strategic priorities.

May - August 2011

» Michael Cameron is the new Chief Executive

Scottish Ministers carried out a competitive selection process and appointed Michael Cameron as Chief Executive of the Scottish Housing Regulator.

A major achievement during this period was our development of our proposed approach to regulation that we would consult on.

During the summer of 2011 the Chair and Board members embarked on a programme of introductory meetings to understand the priorities and views of our stakeholders, including:

- » tenants, tenants' groups and representatives;
- » homeless and other harder to reach representative organisations;

- » social housing landlords and their representative bodies;
- » public and private lenders and representative groups e.g. Council of Mortgage Lenders;
- » the Chartered Institute of Housing (CIH);
- » Scottish Ministers and Scottish Government policy officials; and
- » MSPs.

"It was very important to the new Board that we engaged with as many stakeholders as possible to understand their views. We were particularly keen to speak to groups who represent homeless people and other harder to reach customers of social landlords"

Simon Little, Board member

September – November 2011

- » 1 September: the regulation of social housing consultation is launched

We carried out a successful and extensive consultation on our new regulatory approach. We sent our consultation document to over 1000 organisations and individuals including tenant and resident groups, consumer interest groups including those for homeless people, Registered Social Landlords (RSLs), local authorities, Scottish Ministers and other public bodies. We attended or hosted 40 meetings or events and discussed our consultation directly with almost 1,600 people.

"The consultation events we attended were a fantastic way of hearing about the opportunities, challenges and passion for social housing in Scotland. They confirmed the absolute importance for landlords of good governance, given the critical role governing bodies play in delivering good outcomes for their customers"

Lisa Peebles, Board member

We also responded to the Scottish Government's consultation on the Scottish Social Housing Charter.

December 2011 – February 2012

- » Over 230 consultation responses analysed

We received over 230 consultation responses from a wide range of organisations and individuals, including 43 from resident and tenant groups, and 25 from individuals. We considered and debated the responses to the consultation.

"We really valued all the responses we received, and the Board and executive debated these rigorously when finalising our regulatory framework. We are confident that our new approach will enable us to regulate effectively to deliver our statutory objective"

Sid Patten, Board member

February 2012

- » A new regulatory framework is published
- » A new identity agreed for the Regulator

We published the new regulatory framework for social housing.

Our new corporate identity helped to signify the move to our new framework. This included a cost effective re-branding and a new website.

"It is important that we are seen to be modern, dynamic, effective and approachable. We need to be alive to the issues facing the sector. Effective communications will play a key role for us in the future."

Kay Blair, Chair

March 2012

- » Framework agreement with Scottish Ministers is signed
- » 1 April 2012 – start of a new era for regulation of social housing in Scotland: new regulatory framework commences; and SHR assumes its full corporate responsibilities with staff transferring from the agency.

"We are committed to achieving the vision set out in our new Corporate Plan. We will invest in our staff and use our new regulatory tools confidently and effectively to drive improvement and deliver our objectives."

Michael Cameron, Chief Executive

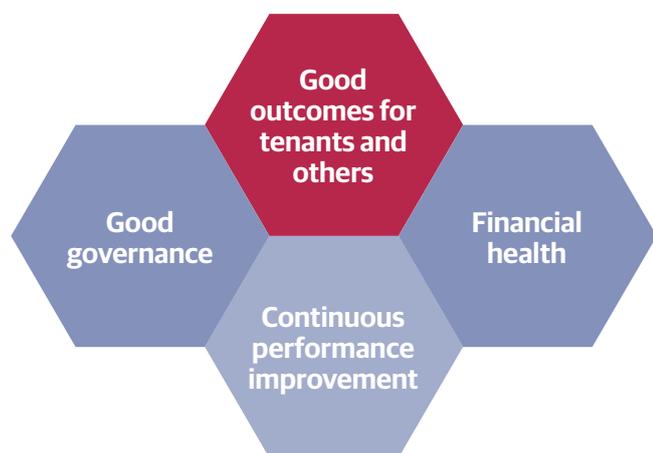
We finalised a framework agreement with Scottish Ministers, to set out how our relationship with Ministers will operate from April 2012. This was signed by the Minister for Housing & Transport and our Chair for publication on our website from the start of April 2012.

We ensured that we had appropriate governance arrangements, policies and plans, so that we were ready to take on our new corporate responsibilities from the start of April.

During the spring we also developed our first Corporate Plan, for publication in April 2012.

The Journey Ahead – 2012 Onwards

Our **Corporate Plan 2012-15** sets out how we will deliver our statutory objective and our regulatory priorities.



We will focus on: driving improvement in services people receive from social landlords; maintaining and improving standards of governance in RSLs; and the financial health of RSLs and costs and efficiency in all social landlords.

During 2012/13 we will:

- » carry out risk assessments and producing regulation plans for RSLs;
- » participate in the shared risk assessment process for local authorities;
- » develop, consult on and finalise Scottish Social Housing Charter Indicators for all social landlords;
- » publish recommended practice on business planning and asset management;
- » set up a panel of tenants as part of our published consultation and involvement strategy;
- » publish case studies focusing on lessons learned through our governance engagements;
- » publish our assessment of landlords' progress towards achieving the Scottish Housing Quality Standard; and
- » verify the quality of data we receive to improve performance and ensure we are focused on the right issues and risks.

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