

# 5. Accountability report

## Corporate Governance Report

### Directors' Report

#### Introduction

We have prepared these accounts for the financial year 2020/21 in accordance with the Accounts Direction given by Scottish Ministers and section 19(4) of the Public Finance and Accountability (Scotland) Act 2000.

#### Statutory Background

The Scottish Housing Regulator (SHR) was established on 1 April 2011 under the Housing (Scotland) Act 2010. We are a Non-Ministerial Department (NMD), part of the Scottish Administration and directly accountable to the Scottish Parliament. We commenced our full regulatory powers, duties and corporate responsibilities under the 2010 Act in April 2012.

Our relationship with Scottish Ministers is set out in a published **Framework Agreement**, available on our website [www.housingregulator.gov.scot](http://www.housingregulator.gov.scot).

#### Our Board

Our organisation is 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 is responsible for oversight of our aims, objectives and performance.

Membership of the Board during the period April 2020 to the end of March 2021 is provided below:

- George Walker, Chair
- Mike Dailly, retired from the Board at the end of February 2021
- Andrew Watson
- Bob Gil
- Siobhan White, Audit and Risk Assurance Committee Chair from December 2018
- Colin Stewart

- Helen Trouten Torres
- Ewan Fraser.

Details of our governance framework for Board appointments, appraisal and reviewing the Board's effectiveness are described in the Governance Statement of this report.

### **Our Executive Team**

Our Executive Team is made up of our Chief Executive and Directors. Our Executive Team is responsible for providing strategic management and leadership.

Our Executive Team is:

- Michael Cameron, Chief Executive
- Ian Brennan, Director of Regulation
- Iain Muirhead, Director of Digital and Business Support.

Each member of the Executive Team has confirmed that so far as they are aware, there is no relevant audit information of which the auditor is unaware.

Details of Executive Team remuneration can be found in the Remuneration Report.

### **Register of interests**

Our Board members and Executive Team have to complete a declaration of interests. No significant company directorships or other interests were held which may have conflicted with their management responsibilities, and there were no related party interests.

Our Board members' declarations of interest are published on our [website](#).

### **Our resources**

Our budget as set out in the Budget (Scotland) Act for 2020/21 was £4.535m, this included a £0.200m capital budget and £4.335m revenue budget, an increase of around 3.4% revenue budget from 2019/20 (£4.192m). We spent £4.479m (2019/20 - £4.392m). We also had a non-cash budget of £0.364m for depreciation of IT assets (2019/20- £0.215m).

In 2020/21 we had a number of vacant posts due to budget pressures and the impact of the pandemic, recruitment to the vacant

posts began at the start of 2021/22. Around 76% of our revenue costs were staff costs, 7% were IT equipment and support and 4% was accommodation.

Since March 2018 we have been located in our current office space. Our current space continues to deliver annual savings, through co-location with another public body, incurring around £0.150m less than we spent on our previous larger permanent office in 2015/16.

Our Business Intelligence Systems represent the majority of our IT costs. These systems support our regulatory data collection and data analysis.

All public bodies face funding pressures in the coming years and there is increased future uncertainty in the context of the coronavirus pandemic. Our revenue budget for 2021/22 is £4.7m, which is an increase of £365k from 2020/21 before taking account of the impact of inflation on staff salaries and other costs. The uplift in our revenue funding for 2021/22 follows significant dialogue with the Scottish Government about the risk to our sustainability if there was not an increase in our funding. The uplift moves our funding back towards a more sustainable level. This follows a challenging budget settlement in 2020/21 that resulted in us needing to hold vacant a number of posts as well as require additional funding in year to avoid an overspend. The funding position in 2020/21 was an accumulation of a range of factors including the impact of the increases in employer's pension costs and centrally negotiated pay deals in the context that the majority of our budget relates to staff costs. The funding settlement this year allows us to accommodate those costs and recruit to currently vacant posts. Looking to our medium to long term financial sustainability, in the coming year we will continue to impress upon the Scottish Government the need for this year's budget to be the baseline for future budgets that take account of pay inflation.

### **Reporting of personal data related incidents**

During 2020/21 there were no incidences of data loss which required to be reported to the Information Commissioner.

### **Appointment of auditors**

Audit Scotland appointed Azets Audit Services to audit our accounts. Our notional audit fee of £23,540 is shown at note 9. Azets Audit Services supplied no other services to us during the year. The Scottish Government internal audit department provided internal audit services.

### **Post-balance sheet events**

There have been no material events occurring after the year end which have a bearing on these accounts.

### **Supplier payment policy**

Our policy is to pay all invoices not in dispute within 10 days from receipt of the invoice. We aim to pay 100% of invoices on time in these terms. This includes disputed invoices once the dispute has been settled. We process invoices on the Scottish Government's Accounting System (SEAS). We are reliant upon the financial information and management system provided by the Scottish Government for all our financial functions.

For the year ended 31 March 2021, we paid 99.4% of all invoices received within the terms of our payment policy.

### **Statement of Accountable Officer's Responsibilities**

In accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, Scottish Ministers have directed the Scottish Housing Regulator (SHR) to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction at the end of these financial statements.

We prepare the accounts on an accruals basis and they give a true and fair view of our state of affairs at the year end, and of our operating costs, recognised gains and losses, and cash flows for the financial year.

The Permanent Secretary of the Scottish Administration has appointed me, the Chief Executive, as the Accountable Officer for SHR.

In preparing the accounts, I am required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the accounts on a going-concern basis.

The responsibilities of the Accountable Officer, including responsibility for the propriety and regularity of the public finances for which I am answerable, for keeping proper records and for safeguarding SHR's assets, are set out in the Accountable Officer's Memorandum issued by Scottish Ministers.

As Accountable Officer, I am not aware of any relevant audit information of which our auditors are unaware. I have taken all necessary steps to ensure that I am aware of any relevant audit information and to establish that our auditors are also aware of this information.

I confirm that the annual report and accounts as a whole are fair, balanced and understandable. I take personal responsibility for the annual report and accounts and the judgements required for determining that they are fair, balanced and understandable.

## Governance Statement

### Scope of responsibility

As Accountable Officer, I am responsible for sound governance and internal controls that help us to achieve our statutory objective. I am also responsible for safeguarding SHR's public funds and assets.

As Accountable Officer, I am responsible for:

- the propriety and regularity of financial transactions which have taken place under my control;
- the economic, efficient and effective use of our resources;
- ensuring that arrangements are made to secure Best Value;
- signing our annual accounts;
- ensuring that effective governance and management systems are in place; and
- ensuring that all risks are identified, assessed and managed appropriately.

### Our governance, internal control and Best Value arrangements

Our governance framework is made up of the systems, processes, cultures and values by which we manage and control our organisation. It enables us to monitor progress against our objectives and to ensure that we use our resources efficiently and effectively.

We have a clearly defined governance framework which fits with best practice principles. I am satisfied that this framework works well.

In April 2020, the Board agreed a response to the Scottish Parliament's Local Government and Communities Committee around SHR's governance and decision making. In June the Board and Management Team participated in a workshop focussed on approach to regulation, governance arrangements and risk management. In August the Board agreed to restate SHR's Corporate Plan in response to the pandemic and following a consultation, we made some temporary changes to our Regulatory Framework. In September it considered the outcome of internal audit advisory work on statutory intervention decision making arrangements. It adopted the SPSO's model complaints handling procedures and used input from Internal Audit's review of complaints handling procedures to inform implementation. In October it updated its Standing Orders to reflect lessons learned from deregistration activity. In November it welcomed refreshed corporate performance reporting. In December it considered the findings from a governance survey of the Board members and Management Team and the findings of a survey of all SHR staff about the Board. In January 2021, the Board and Management Team held a strategy workshop focussed on statutory intervention. In March 2021, the Board approved a refreshed Framework Agreement with Scottish Ministers. The Board also inputted to the Scottish Government's consultation on a refreshed model code of conduct for board members.

Our system of internal control is an important part of this framework. We identify, evaluate and manage risk to a reasonable level, rather than attempt to eliminate all risk. Our approach is proportionate and provides reasonable assurance of effectiveness.

Our internal control processes comply with guidance from Scottish Ministers provided in the Scottish Public Finance Manual (SPFM). These processes have been in place for the year ended 31 March 2021 and up to the date of approval of the annual report and accounts.

We aim to foster a culture of continuous improvement, in accordance with the principles of Best Value. In 2019/20 we reviewed our approach to Best Value with ARAC. In 2020/21 due to the impact of the coronavirus pandemic we postponed the planned introduction of a new format for Best Value reporting and this is rescheduled for the later part of 2021/22.

## **Our Board**

Our organisation is led by a Board of non-executive members, appointed by Scottish Ministers following an open public appointments process. The Board is responsible for providing strategic direction and oversight of our aims, objectives and performance.

Details of Board membership is provided in the Directors' Report.

The Board increased meeting frequency in response to the Covid-19 pandemic and met eleven times in 2020/21 to fulfil its role and all meetings were quorate. It also met twice for strategy and development workshop sessions during the year. We publish minutes of the meetings, our Board Code of Conduct and Board members' registers of interest on our website.

Board appointments are made by Scottish Ministers and overseen by the Commissioner for Ethical Standards in Public Life in Scotland.

The Scottish Government's Director for Housing and Social Justice appraises our Chair's performance annually. Our Chair appraises each Board Member's performance annually. The Chair and Board Members participate in regular training and carry out reviews of the Board's collective effectiveness.

## **Audit and Risk Assurance Committee**

Our Audit & Risk Assurance Committee provides assurance to our Board and to me, as Accountable Officer, that appropriate risk, control and governance structures are in place. The Audit & Risk Assurance Committee met four times in 2020/21. Our Audit and Risk Assurance Committee meeting minutes are published on our website alongside information about membership and the terms of reference.

Membership comprised of the following members of the Board:

- Siobhan White, Chair from December 2018
- Mike Dailly, retired February 2021
- Bob Gil
- Ewan Fraser

I have considered the matters raised and discussed by the Board and Audit & Risk Assurance Committee when preparing this statement.

## **Executive Team and Management Team**

I am joined by our Directors to form our Executive Team. We are responsible for providing strategic management and leadership. Since a restructure in 2018/19 we have two Groups, each with a Director.

Our Management Team supplements the Executive Team and is responsible for oversight of operational management. Our Management Team is comprised of the Executive Team along with our five Assistant Directors of Regulation and our Business Intelligence Manager. I chair the Management Team.

Throughout 2020/21 our Board, Executive Team and Management Team received regular reports to monitor progress against our statutory objective, the objectives in our corporate plan and annual operating plan, and to ensure we are managing risk effectively.

## **Risk framework**

Our risk management strategy was developed by our Board and along with our risk register, identifies the key risks to the delivery of our statutory, strategic and corporate objectives.

In 2020/21 the coronavirus pandemic meant we faced a range of new issues and a heightened level of risk throughout the year. In May 2020 the Management Team undertook a review of our risk register and introduced a new layer to capture both our 'steady-state' risks as well as new emerging issues arising due to the pandemic. During 2020/21 our Management Team reviewed the risk register regularly and reported to both the Audit & Risk Assurance Committee and Board on a quarterly basis. These reviews enable us to:

- discuss and evaluate key risks that could affect our ability to deliver our statutory objective;
- assess existing controls (i.e. measures in place to reduce or limit risk);
- determine the appropriate response to each risk;
- profile our risks by ranking them in order of overall risk exposure (in terms of likelihood and impact)

In 2020/21 our strategic risk remained the same as the previous year and the following strategic risks were identified as those potentially having the greatest impact on our activities:

- a significant reduction in quality or break in shared services from Scottish Government, which impacts on our ability to operate effectively
- our regulatory framework not working effectively
- losing stakeholder support



- suffering a serious business failure
- failing to comply with the duties and expectations on us as a public body
- suffering reputational damage as a result of a development outwith our control
- insufficient resources to deliver effectively.

Our risk register is aligned to the activities in our operating plan. This ensures we are targeting our activities at areas that address the risks we face, so far as this is possible. I am satisfied that our arrangements have enabled us to identify and manage risk effectively during 2020/21.

For data and information handling risks, I am assisted by our Senior Information Risk Owner and six Information Asset Owners. There were no significant data incidents in 2020/21 that required us to report to the Information Commissioner. We share a Data Protection Officer with Transport Scotland. We provided training and awareness-raising for our staff. Our Data Protection Officer completed a data protection compliance review in February 2021 and reported that good compliance was found.

We have fraud, whistleblowing and anti-bribery policies in place, and a fraud response plan, to ensure the effective management of risks associated with these issues.

### **Review of effectiveness of internal control and risk management**

As Accountable Officer, I have responsibility for reviewing the effectiveness of our systems of internal control and risk management arrangements. My review is informed by:

- annual certificates of assurance and internal control checklists from the Director of each of our Groups;
- the work of our internal auditors, who submitted regular reports to our Audit Risk & Assurance Committee;
- comments made by our external auditors, Azets Audit Services, in their management letters and other reports; and
- quarterly reports to our Board from the Chair of the Audit & Risk Assurance Committee.

Our systems of internal control have been supported by:

- regular Board meetings and workshops;
- meetings of our Executive and Management Teams; and
- regular monitoring and reporting of performance against our operating plan and other areas of corporate performance, including finance and risk management.

We use and rely on the core financial management systems of the Scottish Government to carry out accounting and payment functions. I have received assurances from the Scottish Government that reliance can be placed on the central systems they provided in 2020/21.

We are committed to a process of continuous improvement and we develop our systems in response to any relevant reviews and advancements in best practice. In the period covering the year to 31 March 2021 and up to the signing of the accounts, we liaised with Scottish Government Internal Audit, Azets Audit Services and Scottish Government Finance colleagues to ensure that our internal control procedures were fit for purpose and compliant.

During 2020/21, our internal auditors completed their risk-based internal audit plan with specific assurance work on our selection exercise for the Statutory Manager List and our complaint management process. Internal Audit has provided substantial assurance in relation to the assurance work undertaken. Additionally Internal Audit undertook advisory work on our statutory intervention process and provided the opinion that our governance process for this is effective.

In March 2020 our office closed in line with Scottish Government guidance in response to the Coronavirus pandemic. We have continued to operate throughout the pandemic, our staff are able to work remotely with access to our corporate systems.

Throughout the pandemic our standard governance arrangements have remained in place with Board, Audit and Risk Assurance Committee and Management Team meetings taking place remotely. To oversee our response to the pandemic, the Management Team initially met daily in response to the Covid-19 Pandemic and stepped away from its normal cycle of monthly meetings. In October 2020, MT agreed to return to having monthly meetings alongside update meetings. It gradually reduced the frequency of update meetings and in March 2021 it moved to weekly update meetings alongside the monthly meetings. Our Board met more frequently than it normally would. Our Audit and Risk Assurance Committee meetings continued to take place in line with the standard annual schedule.

In August 2020 the Board agreed a restated Corporate Plan that takes account of the impact of the pandemic on our work and a revised operating plan.

We have continued to operate within our normal delegated authorities during the pandemic.

I am satisfied that no significant control weaknesses or issues have arisen during 2020/21. There have been no significant failures in expected standards for good governance, risk management and control.

## Remuneration and Staff Report

### Remuneration policy (unaudited)

Our staff are civil servants and our Chief Executive is a senior civil servant.

The remuneration of senior civil servants is set in accordance with the Civil Service Management Code (available at [www.civilservice.gov.uk](http://www.civilservice.gov.uk)) and with independent advice from the Senior Salaries Review Body (SSRB). Information about the work of the SSRB can be found at [www.ome.uk.com](http://www.ome.uk.com). Within the Scottish Government, the Top Level Pay Committee ensures that the Pay and Performance Management System (PPMS) policy falls within the parameters set by the SSRB and Cabinet Office.

### Remuneration (audited)

Single total figure of remuneration:										
	Salary (£'000)		Bonus payments (£,000)		Benefits in kind (to nearest £100)		Pension benefits (£'000) <sup>2</sup>		Total (£'000)	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
<b>Officials</b>										
<b>Chief Executive</b>										
Michael Cameron	80-85	75-80	-	-	-	-	70-75	50-55	155-160	125-130
<b>Executive Team</b>										
Ian Brennan	75-80	75-80	-	-	-	-	25-30	25-30	105-110	105-110
Iain Muirhead	75-80	70-75	-	-	-	-	40-45	40-45	115-120	115-

										120
<b>Board Members Fees (NMD)</b>										
Mike Dailly (left 28 <sup>th</sup> February 2021)	5-10	5-10	-	-	-	-	-	-	5-10	5-10
Ewan Fraser	5-10	5-10	-	-	-	-	-	-	5-10	5-10
Robert Gil	5-10	5-10							5-10	5-10
Anne Jarvie (left 31 <sup>st</sup> March 2020)	-	10-15	-	-	-	-	-	-	-	10-15
Colin Stewart	5-10	5-10	-	-	-	-	-	-	5-10	5-10
Helen Trouten Torres	5-10	5-10	-	-	-	-	-	-	5-10	5-10
George Walker (Chair)	20-25	20-25	-	-	-	-	-	-	20-25	20-25
Andrew Watson	5-10	5-10	-	-	-	-	-	-	5-10	5-10
Siobhan White	5-10	5-10	-	-	-	-	-	-	5-10	5-10

## Pensions

	<b>Accrued Pension (P) at pension age and Lump Sum (LS) at 31/03/2021 £000 Band</b>	<b>Real Pension Increase (P) and Lump Sum (LS) at pension age £000 Band</b>	<b>CETV at 31/03/2021 £000</b>	<b>CETV At 31/03/2020 £000</b>	<b>Real Increase in CETV £000</b>
<b>Ian Brennan</b> Director of Regulation	20-25 (P) 0 (LS)	0-2.5 (P) 0 (LS)	360	318	23
<b>Michael Cameron</b> Chief Executive	40-45 (P) 90-95 (LS)	2.5-5 (P) 5-7.5 (LS)	806	719	58
<b>Iain Muirhead</b> Director of Digital and Business Support	25-30 (P) 50-55 (LS)	0-2.5 (P) 0-2.5 (LS)	467	420	28

### Salary

'Salary' includes gross salary, overtime and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by SHR and recorded in these accounts. The prior year figures for Board Members have been restated to reflect the correct treatment of expenses, one Board members expenses were included in the previous year in error.

### The Cash Equivalent Transfer Value (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

#### The real increase in the value of the CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

#### **Pay multiples**

The banded remuneration of our highest-paid director in 2020/21 was £80,000-£85,000 (2019/20, £75,000-80,000). This was 1.5 times (2019/20, 1.6) the median remuneration of the workforce, which was £52,478 (2019/20, £48,373 ).

In 2020/21, no employees (2019/20, 0) received remuneration in excess of the highest-paid director. Remuneration ranged from £6,317 – £83,233 (2019/20, £15,389 to £77,948 ).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

#### **Employment contracts**

Staff covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. Further information about the work of the Civil Service Commission can be found at [www.civilservicecommission.org.uk](http://www.civilservicecommission.org.uk).

## Staff Report

### **Employee engagement, learning and development**

We ensure that our staff are kept informed and engaged in our work through a range of activities. These include staff briefing sessions, regular meetings, intranet updates and a range of other internal and external events. During the pandemic we continued to regularly engage with staff using tele and video conference.

Each of our Groups focuses on contributing to the delivery of our corporate strategic objectives. To support this, our performance management system ensures that all staff agree annual objectives with their line manager which are closely linked to our Corporate Plan and annual operating plans.

We are committed to investing in our staff, using our resources as effectively as possible to achieve our objectives and maximising value for money.

In the 2021 Civil Service People Survey the level of positive feedback across all survey themes remained high. The overall employee engagement index increased slightly on the previous year to 71% (2019, 70%). The survey this year covered a wider range of topics than in previous years, including a set of questions about the impact of the pandemic.

### **Trade unions**

We are party to the Scottish Government's Partnership Agreement with trade unions recognised by the Scottish Government (SG). Our staff are part of SG Main for the purposes of pay, terms and conditions.

### **Employee recruitment**

We carry out our recruitment and promotion activities on the basis of fair and open competition, selection on merit and in accordance with Scottish Government guidance.

### **Equal opportunities and diversity**

We treat all staff equally. We are committed to increasing the diversity of staff within the organisation to reflect the people of Scotland, and to valuing positively the different perspectives and skills of all staff and making full use of these in our work.

### **Health and safety**

We aim to provide a safe and healthy working environment for all staff. We act in accordance with our Health and Safety Policy

Statement, and have policies on particular matters available to support managers and staff. We offer a place on our staff Health and Safety Committee to a Trade Union Representative.

### Civil Service Pensions

Pension benefits are provided through Civil Service Pensions. Further details can be found at <http://www.civilservice.gov.uk/pensions>

### Staff Costs (audited)

			2020-21	2019-20
			£000	£000
	Permanently employed staff	Others	Total	Total
Wages and salaries	2,428	-	2,428	2,423
Social security costs	279	-	279	278
Other pension costs	666	-	666	667
Inward secondments	-	-	-	-
Temporary staff	-	-	-	38
Movement in short term employee benefits	56	-	56	21
Early retirement	-	-	-	-
Total net costs	<u>3,429</u>	<u>-</u>	<u>3,429</u>	<u>3,427</u>

Pension benefits are provided through the Civil Service pension arrangements. The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. The Scottish Housing Regulator is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the scheme as at 31 March 2016. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservicepensionscheme.org.uk/about-us/resource-accounts/](http://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/)).



During the year ended 31 March 2021, employers' contributions of £0.666m (2019 £0.667m) were payable to the PCSPS at one of two rates in the range 27.1 to 30.3 per cent of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2020-21 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Average number of persons employed

			2020-21	2019-20
	Permanently employed staff	Others	Total	Total
Directly employed	46.57	-	46.57	46.23
Other	-	-	-	0.58
Total	<u>46.57</u>	<u>-</u>	<u>46.57</u>	<u>46.81</u>

Number of Senior civil service staff employed

	2020-21	2019-20
Band	Total	Total
SCS - Deputy Director 1	1	1

### **Gender Balance**

At the end of the 2020/21 financial year, the number of persons of each sex who were Board Members, Senior Managers and employees was as follows:

	<u>Female</u>	<u>Male</u>
Board Members	2	5
Executive Team (including Chief Executive)	0	3
Employees	32	18

### **Sickness absence data**

The average total number of sick days per full time employee in 2020/21 was 11.4 days (12 days – 2019/20).

### **Employment of disabled people**

We adhere to Scottish Government recruitment policies which ensure that all disabled applicants who meet the minimum advertised criteria for a job vacancy will be invited to interview. Disabled candidates are guaranteed the chance to be judged along with everyone else on their abilities.

### **Reporting of Civil Service and other compensation schemes – exit packages (audited)**

None of our staff received exit packages in 2020/21

### **Expenditure on consultancy**

We incurred expenditure of £49.1k on external consultancy in 2020/21. This equates to 1.1% of our total revenue expenditure (0.8% in 2019/20). This includes our legal advice costs, a programme of work with our National Panel of Tenants and support for procurement of our future IT contracts.

## Parliamentary Accountability & Audit Report

SHR is a Non-Ministerial Department (NMD) and part of the Scottish Administration, with direct accountability to the Scottish Parliament. Whilst our accounts are not consolidated with those of the Scottish Government, we liaise with Scottish Government Finance colleagues on a regular basis to provide them with information relating to our expenditure and anticipated outturn. Our Framework Agreement sets out our relationship with Scottish Ministers.

### Statement of Losses and Special Payments

No losses or special payments were incurred by the Scottish Housing Regulator during the year ended 31 March 2021.

These accounts were authorised for issue on the same date as the Independent Auditor's report.

*Michael Cameron*

**Michael Cameron**  
**Chief Executive**

**Date:** 05 October 2021

## Independent Auditor's Report

### Independent auditor's report to the Scottish Housing Regulator, the Auditor General for Scotland and the Scottish Parliament

#### Reporting on the audit of the financial statements

##### Opinion on financial statements

We have audited the financial statements in the annual report and accounts of the Scottish Housing Regulator for the year ended 31 March 2021 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Financial Position, the Statement of Comprehensive Net Expenditure, the Statement of Cash Flow, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2020/21 Government Financial Reporting Manual (the 2020/21 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2021 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

## **Basis for opinion**

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is 5 years. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern basis of accounting**

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

## **Risks of material misstatement**

We report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that we identified and our judgements thereon.

## **Responsibilities of the Accountable Officer for the financial statements**

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless deemed inappropriate.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Reporting on regularity of expenditure and income**

### **Opinion on regularity**

In our opinion in all material respects:

- the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

### **Responsibilities for regularity**

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities to detect material misstatements in the financial statements in respect of irregularities, we are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

### **Reporting on other requirements**

#### **Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report**

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

#### **Statutory other information**

The Accountable Officer is responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

our responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this statutory other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the statutory other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

### **Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

### **Matters on which we are required to report by exception**

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or



- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

### **Conclusions on wider scope responsibilities**

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

### **Use of our report**

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

*Nick Bennett*

Nick Bennett, (for and on behalf of Azets Audit Services)

Exchange Place 3

Semple Street

Edinburgh

EH3 8BL

Date: 05 October 2021

## 6. Financial statements

### Statement of Comprehensive Net Expenditure

For the year ended 31 March 2021

The Scottish Housing Regulator has made no gains or losses during the period, other than as reported above.

The results for the year ended 31 March 2021 derive from the ordinary activities of the Scottish Housing Regulator, all of which are continuing.

	Note	2020-21 £000	2019-20 £000
<b>Administration costs:</b>			
Staff costs	2	3,429	3,427
Purchase of goods and services	2	718	965
Depreciation and impairments charges	2	365	175
Other operating expenditure	2	-	-
		----	----
<b>Total</b>		4,512	4,567
		----	----
		----	----
<b>Net operating expenditure</b>		4,512	4,567
		===	===

The notes on pages 53 to 67 form part of the financial statements.

**Statement of Financial Position**  
as at 31 March 2021

*Michael Cameron*

**Michael Cameron**  
Chief Executive

The financial statements have  
been authorised for approval on: 05 October 2021

	Note	2021 £000	2020 £000
<b>Non-current assets:</b>			
Property, plant and equipment	3	6	49
Intangible assets	4	332	322
		----	----
<b>Total non-current assets</b>		<b>338</b>	<b>371</b>
		---	----
<b>Current assets:</b>			
Trade and other receivables	6	0	0
Cash and cash equivalents	7	2	2
		----	----
<b>Total current assets</b>		<b>2</b>	<b>2</b>
		----	----
<b>Total assets</b>		<b>340</b>	<b>373</b>

*Continued overleaf*

The notes on pages 53 to 67 form part of the financial statements.

## Statement of Financial Position

Cont'd...

As at 31 March 2021

	Note	2021 £000	2020 £000
<b>Current liabilities</b>			
Trade and other payables	8	(457)	(365)
<b>Total current liabilities</b>		----	----
		(457)	(365)
<b>Total assets less current liabilities</b>		----	----
		(117)	8
<b>Net assets</b>		----	----
		(117)	8
		====	====
<b>Taxpayers' equity:</b>			
General Fund		(117)	8
<b>Total taxpayers' equity</b>		----	----
		(117)	8
		====	====

The notes on pages 53 to 67 form part of the financial statements.

**Statement of Cash Flows**  
for the year ended 31 March 2021

	Note	2020- 21 £000	2019- 20 £000
<b>Cash flows from operating activities</b>			
Net operating expenditure		(4,512)	(4,567)
Adjustments for non-cash transactions:			
Depreciation and amortisation	3,4	365	175
Auditor's remuneration	9	24	23
Movement in working capital:			
(Increase) / decrease in trade and other receivables	6	0	3
Increase / (decrease) in trade and other payables	8	92	103
		----	----
<b>Net cash outflow from operating activities</b>		<b>(4,031)</b>	<b>(4,263)</b>
		----	----
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment		0	(10)
Purchase of intangible assets		(332)	0
		----	----
<b>Net cash outflow from investing activities</b>		<b>(332)</b>	<b>(10)</b>
		----	----
<b>Cash flows from financing activities</b>			
1. Scottish Government funding		4,363	4,273
		----	----
<b>Net financing</b>		<b>4,363</b>	<b>4,273</b>
		----	----
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>0</b>	<b>0</b>
		====	====
<b>Cash and cash equivalents at beginning of period</b>	7	2	2
<b>Cash and cash equivalents at end of period</b>	7	2	2

The notes on pages 53 to 67 form part of the financial statements.

**Statement of Changes in Taxpayers' Equity**  
for the year ended 31 March 2021

	Note	General Fund £000	Total Reserves £000
<b>Balance at 1 April 2019</b>		279	279
Net funding		4,273	4,273
Non-cash charges – auditor's remuneration	9	23	23
Comprehensive net expenditure for the year		(4,567)	(4,567)
<b>Balance at 31 March 2020</b>		8	8
Net funding		4,363	4,363
Non-cash charges – auditor's remuneration	9	24	24
Comprehensive net expenditure for the year		(4,512)	(4,512)
<b>Balance at 31 March 2021</b>		(117)	(117)

The notes on pages 53 to 67 form part of the financial statements.

## Notes to the Accounts

### 1. Accounting Policies

The financial statements have been prepared in accordance with the 2020-21 Government Financial Reporting Manual (FReM). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Scottish Housing Regulator for the purposes of giving a true and fair view has been selected. The particular policies adopted by the Scottish Housing Regulator are described below. The policies have been applied consistently in dealing with items considered material to the accounts.

#### 1.1 Accounting Convention

These financial statements have been prepared under the historical cost convention modified to account for the revaluation of intangible assets where material, at their value to the organisation by reference to their current costs.

#### 1.2 Going Concern

The financial statements for the year ended 31 March 2021 show a deficit on the general fund of £0.117m (19-20 – surplus of £0.008m). This has arisen as a result of the requirement to account for the activities of the Scottish Housing Regulator on an accruals basis, whilst recording funding from the Scottish Government on a

cash basis. Net liabilities will be funded by the Scottish Government as they arise. As a consequence, these financial statements have been prepared on a going concern basis.

#### 1.3 Administration and Programme Expenditure

The Statement of Comprehensive Net Expenditure is analysed between administration and programme expenditure. The classification of expenditure as administration or programme follows the definition of administration costs set out in Consolidated Budgeting Guidance 2020-21 by H M Treasury.

#### 1.4 Non-Current Assets

##### 1.4.1 Property, Plant and Equipment

The minimum level for capitalisation of non-current assets is £7,500. Where multiples are purchased together, and individual values are less than £7,500, they are capitalised if their collective value exceeds £7,500.

Non-current assets are depreciated on a straight line basis at rates sufficient to write-off the cost of the individual assets over their estimated useful lives, which are considered to be:

ICT Equipment	4 years
Bespoke ICT Equipment	7 years

ICT assets are carried at valuation in existing use. Depreciated historical cost has been used as the proxy for valuation in existing use for ICT equipment as it is not practicable to obtain valuations due to the low values and high volumes of this class of assets.

#### 1.4.2 Intangible Assets

The minimum level for capitalisation of intangible assets is £7,500. Where multiples are purchased together, and individual values are less than £7,500, they are capitalised if their collective value exceeds £7,500.

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended. Subsequently, they are measured at amortised replacement cost. This is a proxy for fair value.

Software licences are disclosed separately as intangible assets in accordance with the FReM. However, the Scottish Housing Regulator has only the Business Intelligence System as an intangible asset.

Intangible assets are amortised on a straight line basis at rates sufficient to write off the costs of the individual assets over their estimated useful lives, which are considered to be:

Computer software – internally developed	7 years
Computer software – licences	3 years or life of licence if shorter

As the Business Intelligence System has been substantially replaced during 2020/21, accelerated amortisation has been charged to reduce the original net book value to zero.

The Business Intelligence System will be fully amortised by 31<sup>st</sup> March 2028.

#### 1.5 Leases

The Scottish Housing Regulator occupies office space under the basis of a Memorandum of Understanding. The arrangement is treated as an operating lease and the rentals payable in that respect are charged to the statement of comprehensive net expenditure on a straight line basis over the term of the lease.

#### 1.6 Provisions

Provisions are made to the extent that the Scottish Housing Regulator meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The Scottish Housing Regulator provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated future years' payments.



### 1.7 Trade Payables

The Scottish Housing Regulator's policy is to pay all invoices, not in dispute, within 10 days of receipt. The Scottish Housing Regulator aims to pay 100% of invoices, including disputed invoices, once any dispute has been resolved, on time in these terms.

### 1.8 Value Added Tax

Operating costs are stated net of VAT where VAT is recoverable by the Scottish Housing Regulator.

The Scottish Housing Regulator is registered for VAT as part of the Scottish Government, which is responsible for recovering VAT from HM Revenue & Customs.

### 1.9 Pensions

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit scheme is unfunded and is non-contributory except in respect of dependants' benefits. The Scottish Housing Regulator is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the scheme as at 31 March 2016. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservicepensionscheme.org.uk/about-us/resource-accounts/](http://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/)).

The Scottish Housing Regulator recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution scheme, the Scottish Housing Regulator recognises the contributions payable for the year.

### 1.10 Income

The Scottish Housing Regulator does not undertake any income generating activities.

### 1.11 Cash and Cash Equivalents

Banking arrangements are undertaken by the Scottish Government on behalf of the Scottish Housing Regulator. As a result, cash and cash equivalents represents only petty cash at the year end.

### 1.12 Short Term Employee Benefits

A liability and an expense is recognised for holiday days, holiday pay, bonuses and other short-term benefits when the employees render service that increases their entitlement to these benefits. As a result accruals have been charged for holidays and flexi time earned but not taken at the year end.

### **1.13 Critical Accounting Estimates**

Accounting estimates are used to determine the valuation of property, plant and equipment, intangible assets and provisions. Details of the estimates are included in notes 1.4 and 1.6.

### **1.14 Post Balance Sheet Events**

There have been no post balance sheet events of which the Scottish Housing Regulator is aware.

### **1.15 Impact of New Accounting Standards Issued But Not Yet In Effect**

International Accounting Standard (IAS) 8 requires disclosure of information on the expected impact of applying new accounting standards that have been issued but are not yet in effect.

A number of new accounting standards have been issued or amendments made to existing standards, but have not yet been applied in these financial statements. The standards that are considered relevant and the anticipated impact on the Scottish Housing Regulator's accounts are as follows:

#### **IFRS 16 – Leases**

This will apply for all accounting periods commencing on or after 1 April 2021. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer ('lessee') and the supplier ('lessor'). A right of use asset valued at £0.630 million as at 1st April 2020 would be recognised if this were

adopted with immediate effect. This value would be subject to depreciation.

#### **IFRS 17 – Insurance Contracts**

This will apply for all accounting periods commencing on or after 1 January 2023 and will have no impact on the Scottish Housing Regulator.

## 2. Administration Costs

Auditor's remuneration relates to a charge notified by Audit Scotland in respect of audit work carried out by Azets on its behalf during 2020-21. No other services were supplied by Audit Scotland or Azets during the year ended 31 March 2021.

	2020-21 £000	2019-20 £000
Wages and salaries	2,428	2,423
Social security costs	279	278
Other pension costs	666	667
Inward secondments	-	-
Temporary staff	-	38
Movement in short term employee benefits	56	21
Early retirement	-	-
Depreciation and amortisation	365	175
IT costs	335	471
Accommodation expenses	168	168
Non-executive board members' fees & expenses	85	100
Support and consultancy	49	35
Office expenses	32	35
Auditor's remuneration (notional change – note 9)	24	23
Conferences and seminars	9	19
Professional fees and subscriptions	6	5
Stakeholder engagement	4	34
Travel and subsistence	2	28
Training and development	2	28
Marketing	1	10
HR and recruitment costs	1	7
Catering	-	2
	4,512	4,567

### 3. Property, Plant and Equipment

	ICT Equipment £000	2021 Total £000
<b>Cost</b>		
At 1 April 2020	247	247
Additions	-	-
Disposals	(223)	(223)
	----	----
<b>At 31 March 2021</b>	<b>24</b>	<b>24</b>
	----	----
<b>Depreciation</b>		
At 1 April 2020	198	198
Charged in year	43	43
Disposals	(223)	(223)
	----	----
<b>At 31 March 2021</b>	<b>18</b>	<b>18</b>
	----	----
<b>Carrying value at 31 March 2020</b>	<b>49</b>	<b>49</b>
	----	----
<b>Carrying value at 31 March 2021</b>	<b>6</b>	<b>6</b>
	===	===
<b>Asset financing:</b>		
Owned		
	----	----
<b>Carrying value at 31 March 2021</b>	<b>6</b>	<b>6</b>
	===	===

*Continued overleaf*

**3. Property, Plant and Equipment**  
*Cont'd*

	ICT Equipment £000	2020 Total £000
<b>Cost</b>		
At 1 April 2019	246	246
Additions	10	10
Disposals	(9)	(9)
	-----	-----
<b>At 31 March 2020</b>	<b>247</b>	<b>247</b>
	-----	-----
<b>Depreciation</b>		
At 1 April 2019	239	239
Charged in year	(32)	(32)
Disposals	(9)	(9)
	-----	-----
<b>At 31 March 2020</b>	<b>198</b>	<b>198</b>
	-----	-----
<b>Carrying value at 31 March 2019</b>	<b>7</b>	<b>7</b>
	-----	-----
<b>Carrying value at 31 March 2020</b>	<b>49</b>	<b>49</b>
	===	===
<b>Asset financing:</b>		
Owned		
	-----	-----
<b>Carrying value at 31 March 2020</b>	<b>49</b>	<b>49</b>
	===	===

#### 4. Intangible Assets

	Information Technology £000	Software Licences £000	2021 Total £000
<b>Cost</b>			
At 1 April 2020	1,452	-	1,452
Additions	332	-	332
Disposals	(1,452)	-	(1,452)
	----	----	----
<b>At 31 March 2021</b>	<b>332</b>	<b>-</b>	<b>332</b>
	----	----	----
<b>Amortisation</b>			
At 1 April 2020	1,130	-	1,130
Charged in year	322	-	322
Disposals	(1,452)	-	(1,452)
	----	----	----
<b>At 31 March 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>
	----	----	----
<b>Carrying value at 31 March 2020</b>	<b>322</b>	<b>-</b>	<b>322</b>
	----	----	----
<b>Carrying value at 31 March 2021</b>	<b>332</b>	<b>-</b>	<b>332</b>
	===	===	===
<b>Asset financing:</b>			
Owned			
	----	----	----
<b>Carrying value at 31 March 2021</b>	<b>332</b>	<b>-</b>	<b>332</b>
	===	===	===

*Continued overleaf*

4. Intangible Assets  
Cont'd

	Information Technology £000	Software Licences £000	2020 Total £000
<b>Cost</b>			
At 1 April 2019	1,452	123	1,575
Additions	-	-	-
Disposals	-	(123)	(123)
	----	----	----
<b>At 31 March 2020</b>	<b>1,452</b>	<b>0</b>	<b>1,452</b>
	----	----	----
<b>Amortisation</b>			
At 1 April 2019	923	123	1,046
Charged in year	207	0	207
Disposals	-	(123)	(123)
	----	----	----
<b>At 31 March 2020</b>	<b>1,130</b>	<b>0</b>	<b>1,130</b>
	----	----	----
<b>Carrying value at 31 March 2019</b>	<b>529</b>	<b>0</b>	<b>529</b>
	----	----	----
<b>Carrying value at 31 March 2020</b>	<b>322</b>	<b>0</b>	<b>322</b>
	====	====	====
<b>Asset financing:</b>			
Owned			
	----	----	----
<b>Carrying value at 31 March 2020</b>	<b>322</b>	<b>0</b>	<b>322</b>
	====	====	====

## 5. Financial Instruments

IFRS 7, Financial Instruments: Disclosures, requires disclosure of information about the significance of financial instruments held by the entity over the year and the nature and extent of risks arising from those financial instruments. The Scottish Housing Regulator is not exposed to the degree of financial risk faced by business entities because of the non-trading nature of its activities and the way in which it is funded. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. Financial assets and liabilities are generated by day to day operational activities and are not held to change the risks facing the entity in undertaking its activities.

### Liquidity Risk

The Scottish Parliament makes provision for the use of resources by the Scottish Housing Regulator in a Budget Act for each financial year. Cash authorisation is provided by the Scottish Government to the extent that expenditure is covered by budget authority. The Scottish Housing Regulator is not therefore exposed to liquidity risks.

### Fair Values

Assets and liabilities are carried at fair value in the Statement of Financial Position of the Scottish Housing Regulator. The Scottish Housing Regulator's financial assets consist of trade receivables, financial and other assets (note 6) and cash and cash equivalents (note 7). The financial liabilities consist of trade payables and other current liabilities (note 8).



## 6. Trade Receivables, Financial and Other Assets

	2021 £000	2020 £000
<b>Amounts falling due within one year:</b>		
Prepayments	0	0
Other receivables	0	0
	----	----
	0	0
	===	===
<b>Intra-government balances</b>		
Balances with other central government bodies	-	-
Balances with bodies external to government	0	0
	----	----
	0	0
	===	===

## 7. Cash and cash equivalents

	2021 £000	2020 £000
Balance at 1 April 2020	2	2
Net change in cash and cash equivalent balances	0	0
	----	----
Balance at 31 March 2021	2	2
	===	===

The following balances were held at 31 March 2021:

Commercial banks and cash in hand	2	2
	----	----
Balance at 31 March 2021	2	2
	===	===
	----	----
Balance at 31 March 2021	2	2
	===	===

## 8. Trade Payables and other current liabilities

	2021	2020
	£000	£000
Trade payables	74	74
Accruals	228	141
Other payables	155	150
	-----	-----
Balance at 31 March 2021	457	365
	===	===
<b>Intra-government balances</b>		
Balances with other central government bodies	-	-
Balances with bodies external to government	457	365
	-----	-----
	457	365
	===	===

## 9. Notional Charges

The following charge has been included in the accounts:

	2020-21	2019-20
	£000	£000
Auditor's remuneration	24	23
	----	----
	24	23
	===	===

## 10.0 Related Party Transactions

The Scottish Housing Regulator is a Non Ministerial Department within the Scottish Administration. The Scottish Government is regarded as a related party. During the year, the Scottish Housing Regulator had various material transactions with the Scottish Government and with other entities for which the Scottish Government is regarded as a parent body.

In addition, the Scottish Housing Regulator has had a small number of material transactions with other government departments, central government bodies, local government, non-departmental public bodies and similar organisations. During the year, apart from their service contracts, no Board member, key manager or related parties has undertaken any material transactions with the Scottish Housing Regulator.

## 11.0 Capital Commitments & Contingent Liabilities

No contracted capital commitments or contingent liabilities existed at 31 March 2021 (2020, None).

## 12. Leasing Commitments

At 31 March 2021, the total of future minimum lease payments under non-cancellable operating leases for each of the following periods were:

	2020-21 £000	2019-20 £000
<b>Obligations under operating leases for the following periods comprise:</b>		
Buildings		
Not later than one year	174	165
Later than one year and not later than five years	302	-
Later than five years	-	-
	-----	-----
	476	165
	===	===
Other		
Not later than one year	1	1
Later than one year and not later than five years	-	1
Later than five years	-	-
	-----	-----
	1	2
	===	===

### 13. Other Financial Commitments

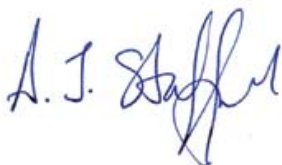
The Scottish Housing Regulator has entered into contracts (which are not leases) for the provision of support services to the Business Intelligence System. The contracts are fixed term with the option to add additional years. The total payments for which the Scottish Housing Regulator is budgeting are as follows:

	2020-21 £000	2019-20 £000
Not later than one year	211	166
Later than one year and not later than five years	211	366
Later than five years		-
	----- 422 ===	----- 532 ===

**SCOTTISH HOUSING REGULATOR**

**DIRECTION BY THE SCOTTISH MINISTERS**  
**in accordance with section 19(4) of the Public Finance and Accountability (Scotland)**  
**Act 2000**

1. The statement of accounts for the financial year ended 31 March 2009 and subsequent years shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
2. The accounts shall be prepared so as to give a true and fair view of the income and expenditure, recognised gains and losses, and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
3. This direction shall be reproduced as an appendix to the statement of accounts.



Signed by the authority of the Scottish Ministers

Dated 11 March 2009

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The accountable officer authorised these statements for issue on 5 October 2021

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