



**Scottish Housing
Regulator**

Annual Performance Report & Accounts 2021/22



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1. Welcome message from our Chair & Chief Executive



Welcome to our annual report and accounts for 2021/22.

The nation is recovering from and living with Covid-19, and we recognise the unprecedented circumstances in which social landlords continue to operate and the new challenges that they and their tenants face, not least rising household costs.

We continue to work with the [Scottish Social Housing Resilience Group](#) and on its behalf collected and published [dashboards](#) of information on the impact of Covid-19 on social landlords up until the end of March 2022. We also continue to provide [advice to governing bodies](#) of registered social landlords and engage with individual landlords on issues related to the pandemic and the other new challenges which social landlords face.

Alongside this, we continue to regulate and support the landlords as they recover and work through backlogs from the pandemic and deal with the challenges from the cost of living crisis, labour and material supply chain cost increases and shortages and the impact of the war in Ukraine.

We completed our statutory interventions in Thistle and Fairfield Housing Associations, and as at the end of March 2022, we have no ongoing statutory interventions. We also published reports on the outcome of our completed interventions at Wishaw and District, Arklet, Ruchazie and Thistle; our report on our intervention at Fairfield will follow in 2022/23. We thank all those who have served as statutory appointees most recently at Thistle and Fairfield Housing Associations. Statutory appointees to governing bodies are all volunteers drawn from the sector and are key to supporting landlords that are working to improve. Through this work, and through our engagement with all social landlords, we have continued to protect the interests of tenants and service users, the reputation of social landlords, and investments in social housing.

We also published our [National Report on the Charter](#) and findings from our [research](#) with our national Panel of Tenants and Service Users.

We engaged with landlords as set out in the plans we published in March 2021 and updated throughout the year. We carried out a comprehensive regulatory risk assessment of social landlords and published the outcome in engagement plans in March 2022. We found that 136 landlords are compliant (four are under review) and six are working towards compliance. At 31 March 2022, we were not using our statutory powers to intervene in any landlords.

Looking ahead to 2022/23 and beyond, recovery will continue to be a major feature, against the backdrop of the unfolding situation in Europe.

We know that pressure on landlords' costs and household incomes, and supply chains has become even more acute so affordability and value for money are at the forefront for us. We will have a strong focus on the quality and safety of tenants' homes and for Gypsy/Travellers to have sites that meet the standards determined by the Scottish Government. It will also be vital that landlords meet the needs of people who are or have experienced homelessness and we will focus on the provision of temporary and settled accommodation.

Landlords are being asked to respond to the climate emergency and to decarbonise heating in homes, while at the same time there are issues in and disruption to supply chains that are driving up costs. And there is the need to invest to protect from increasing incidents of cyber-attack.

This is not an exhaustive list. We know that resilient organisations cope better, and so building and testing organisational resilience, including the capacity to handle unexpected events, has become even more critical for social landlords.

We would like to thank our resilient and professional staff team, Board members and all the tenants, services users and stakeholders who have worked with us. In November 2021 we were delighted to welcome new Board members Marieke Dwarshuis and Lindsay Paterson.

We also thanked Ian Brennan, Director of Regulation when he stepped down after twelve years with SHR and welcomed Helen Shaw as the new Director of Regulation.

We continue to pay tribute to the hard work of all those who work and volunteer in social housing in Scotland and support some of the most vulnerable people in Scotland.

George Walker
Chair

Michael Cameron
Chief Executive

2. Who we are & what we do

Who we are

We are the independent regulator of social landlords in Scotland. Social landlords are made up of registered social landlords (RSLs) – housing associations and co-operatives – and local authorities (LAs) that provide housing and homelessness services.

What we do

We regulate 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 RSLs and LAs.

We regulate social landlords by:

- keeping a register of social landlords and making this available for the public – all landlords on the register need to meet regulatory requirements;
- monitoring, assessing and reporting on how well social landlords are run and how they manage their money – we call this governance and financial management; and
- taking action, where we need to, to protect the interests of tenants and other service users.

We do this in a way that:

- is proportionate, accountable and transparent - this means we are open about how we work and we take responsibility for our decisions;
- is targeted – this means we only take action where it is needed;
- encourages treating people fairly and promotes equal opportunities; and
- is consistent with the Scottish Regulators' Strategic Code of Practice.

[Who we are](#)

[Watch a video about who we are and what we do](#)

3. Overview - Our work performance & achievements

This is a summary of our work during the year set out under the priorities we set out in our Corporate Plan 2019 – 2022 (restated in 2020). Further detail on all of this work including links to publications can be found in section four of our annual report – performance analysis.

We managed risk by:

- focussing on anything that might prevent us from achieving our statutory objective;
- publishing a new [strategy](#) on what we will do and how we will use our resources in 2022/23;
- working with the [Social Housing Resilience Group](#) to respond to the pandemic, informing that group and Scottish Government through a monthly [dashboard](#) on the impact of the pandemic on landlords; and
- carrying out a regulatory [risk assessment of every social landlord](#), delivering on the engagement set out in our published engagement plans and keeping these updated.

We empowered tenants, people who are homeless, Gypsy/Travellers and others by:

- meeting with our [Regional Network SHR Liaison Group](#) and participating in virtual events with tenant organisations;
- carrying out research with our [National Panel of Tenants and Service Users](#);
- publishing a [suite of performance information](#) on landlords' performance against the Scottish Social Housing Charter;
- recruiting a new group of our [tenant advisors](#); and
- receiving and investigating reports from tenants on [significant performance failures](#).

We sought assurance by:

- during 2021/22, delivering the engagement we detailed in plans published at the end of March 2021 for every landlord including for the first time a regulatory status for RSLs reflecting the [outcome of our regulatory risk assessment](#);
- publishing our [national analysis](#) of landlords' performance against the Scottish Social Housing Charter as well as refreshed reports for every social landlord, data tables and comparison tool and new technical guidance for landlords;
- publishing [annual assurance statements](#) on regulatory requirement compliance submitted to us by all social landlords;
- publishing information about the risks that we focused on in our [2021/22 regulatory risk assessment](#) of social landlords;
- publishing our [analysis of the financial health](#) of RSLs;
- [engaging directly with all LAs](#) around services for people experiencing homelessness;
- carrying out a regulatory [risk assessment](#) of all landlords and publishing the outcome in refreshed engagement plans for all social landlords from March 2022; and
- adjusting our approach to monitoring and reporting on Energy Efficiency Standard for Scottish Social Housing (ESSH) in anticipation of the Scottish Government's review of the standard.

We took action to protect the interests of tenants and others by:

- completing our statutory intervention in [Thistle](#) and [Fairfield](#) Housing Associations;
- publishing [reports](#) on the outcomes of our completed interventions at Ruchazie, Arklet, Wishaw and District and Thistle;
- publishing information about [how we use our statutory intervention powers](#);
- considering applications for de-registrations from RSLs which transferred to other social landlords and publishing [guidance](#) on the process; and
- responding to [whistleblowing](#) concerns raised with us and reporting on these.

We raised awareness and shared positive practice by:

- providing clear and up to date [guidance](#) for landlords;
- inputting to Social Housing Resilience Group discussions as issues emerged and publishing a [quarterly dashboard](#) on the impact of Covid-19 on social landlords;
- publishing reports on the [outcome of our interventions](#);
- reviewing governing body minutes as part of annual regulatory risk assessment of social landlords; and
- using available forums such as speeches and blogs to [raise awareness](#) of key risk areas.

We promoted equalities and human rights by:

- continuing to support our staff through awareness and training;
- continuing our commitment to the Scottish Government's [gender balance objective](#) for public boards;
- recognising the impact of the pandemic, requiring updates from landlords on human rights and equalities in the annual assurance statements that landlords submitted to us in October 2021;
- collaborating with the Scottish Federation of Housing Associations (SFHA), Glasgow and West of Scotland Forum of Housing Associations (GWSF), and the Association of Local Authority Chief Housing Officers (ALACHO) to provide guidance for landlords; and
- continuing to work with the SHRC on a briefing on the right to an adequate house.

We demonstrated we were an effective public body by:

- achieving substantial assurance from our internal auditor and an unqualified audit opinion from our external auditor;
- giving evidence to and responding to scrutiny from the Scottish Parliament's Local Government and Communities Committee;
- maintaining high engagement scores in the 2021 Civil Service people survey;
- ensuring our Management Team monitored our performance monthly, and our Board on a quarterly basis;
- maintaining our [Cyber Essentials](#) Plus certification;
- continuing to support our staff as they work remotely and as we gradually reopen our office and develop our future approach to working;
- submitting our climate change return;
- keeping our stakeholders up to date through @shr_news and our [SHR update e-zine](#);
- operating within our budget; and
- responding to Freedom of Information requests and Subject Access Requests in line with statutory duties.

4. Performance Analysis

4.1 Risk profile

4.1.1 Risks to social landlords, their tenants and service users and how we have responded

Each year, we carry out a regulatory risk assessment of all social landlords to enable us to plan our engagement with them.

At 31 March 2021, we published the [outcome of our annual regulatory risk assessment](#) of social landlords, which reflected the backdrop of the pandemic and the other challenges landlords face as well as the work landlords did to adapt to these challenges. For the first time this included a regulatory status for RSLs, which describes in our judgement if a landlord complies with Regulatory Standards. During 2021/22 we engaged with social landlords as set out in the engagement plans published on 31 March 2021 and we kept these plans updated throughout the year.

In November 2021, we set out the approach to the [risks that we would focus](#) on in our 2022 regulatory risk assessment of social landlords. We continued to take account of the impact of the pandemic on landlords' performance and also focused on resilience of landlords as well as homelessness, performance, the quality of homes, social landlords' plans to develop new, affordable housing and financial health and governance in RSLs. We published the outcome from our 2022 regulatory risk assessment, including updated engagement plans for all social landlords on 31 March 2022.

We continued to participate in the [Social Housing Resilience Group](#), which we helped form back in 2020. We focused on monitoring the impact on landlords, moving the initial monthly data collection and publically available reporting [dashboard](#) to a quarterly one. This continued to inform the Resilience Group, Scottish Government and other stakeholders. This covered key information around RSL staffing, rent arrears, empty homes, lets, court actions, notice of proceedings and homelessness services in LAs.

We continued to populate a section on our website for all relevant [Coronavirus news](#) including guidance that we provided to social landlords covering areas such as cyber security, gas safety and governance of RSLs. We continue to keep that guidance updated.

We reverted from the [temporary changes to our Regulatory Framework](#) that we made in light of the pandemic in 2020, returning to normal timescales for landlords to complete their Annual Assurance Statements and also to report to tenants and services users on their performance against the Scottish Social Housing Charter.

Looking across the operating environment for LAs and RSLs we see potential risks around:

- rent affordability and financial sustainability in what are arguably the most challenging economic conditions of recent times for individuals and families as well as for landlords;
- responding to the climate emergency and the decarbonisation of heating in homes;

- supply chain disruption, increased costs and labour shortages/demographic issues and consequent delays in repairs services, planned maintenance and investment plans and development programmes;
- cyber resilience;
- potential increases in pension deficits, and the resulting increases in the contributions that landlords have to fund;
- increased expectations and standards to meet including demand for health and social care services as a result of the pandemic that could impact LA budgets;
- changing expectations and needs of services users; and
- homelessness.

All of these could result in governance failures, financial pressures and challenges to services if landlords are not resilient and well-prepared. In March 2022, we agreed a new [Strategy](#). This sets out what we will do and how we will use our resources in 2022/23 and rolls on from our Corporate Plan 2019-22. Our vision remains the same: well-run social landlords delivering what tenants, people who are homeless, Gypsy/Travellers and others who use social housing services need and want, and at a price they can afford to pay.

The priorities we set out in our new Strategy have a high level of continuity from our previous Corporate Plan and will help us focus our future engagement to support landlords in these areas. Our priorities will be:

- The quality of the homes social landlords provide and with that the safety of tenants and residents, including the standards of Gypsy/Traveller sites
- Landlords' discharge of their duties to people who are or have experienced homelessness, with a particular focus on duties to provide temporary and settled accommodation
- Landlords' recovery from the pandemic including handling of any backlogs in housing services
- Rent affordability and value for money
- Governance & financial health in RSLs with a focus on business planning
- Being an effective public body

In March 2022, we set out more detail on the [significant risk areas for landlords](#) in the summary outcome of our regulatory risk assessment. We are also starting to give some thought to what a regulatory focus on resilience might look like.

4.1.2 How SHR manages the risks that we face

Alongside our regulatory risk assessment of social landlords, we manage risks to SHR achieving our statutory objective through actively considering our corporate risk register and using our operating plan to plan any mitigating actions. This work is led each month by our Management Team with regular input from our Audit & Risk Assurance Committee and Board.

We currently have one overarching risk, which is that we do not achieve our statutory objective. Below that sit seven additional risks covering our resources, services we receive, our Regulatory Framework, stakeholder support, business failure, public body compliance and the impact of developments out with our control.

During 2021/22, overall the likelihood of these risks materialising decreased. We saw some slow improvement in relation to our resources due to our increased budget allocation, but challenges on services provided by Scottish Government, particularly recruitment, slowed the speed of recruitment and impacted the work that we were able to deliver during the year.

During 2021/22, like everyone else, we continued to respond to risks around the pandemic.

For most of the year our staff continued to work effectively from home, with gradual office opening from December 2021. We continued to deliver our business priorities. We had already ensured that our team had the additional equipment they needed to support them, such as office chairs, monitors etc. and we also supported their wellbeing.

4.2 Empowering Tenants & others

At the heart of our work and all the decisions we make are tenants and others who use services provided by social landlords. This includes people who are Gypsy/Travellers as well as people who are at risk of, or are, experiencing homelessness.

Find out more about how we involve tenants and service users in our work in this [video](#) and read about it in our [plan for 2020-22](#).

We continued to use a variety of initiatives to help us understand tenants' and service users' views and priorities.

We worked with our [National Panel](#) of over 450 tenants and service users to hear directly about the experiences of a diverse range of tenants, people who are homeless and others. [Research](#) we published in July 2021 provided an insight on the impact of Covid-19 on tenants. A large majority felt that the pandemic affected their landlord's services and also had a negative impact on the quality of their life. They most commonly experienced some services stopping temporarily and longer timescales for responding to queries, with most saying that their landlords continued to provide at least some key services. There were mixed responses about how well landlords kept tenants informed. Overall, half of respondents felt that their landlord's response to the pandemic was very or fairly good, while a quarter rated it as fairly poor or very poor.

The feedback in this report underlined just how difficult the pandemic has been for tenants and landlords alike and provided useful context for our regulatory risk assessment of social landlords and dialogue with both tenants and landlords.

We commenced new survey work with the panel again in January 2022 and will report on the findings in the first half of 2022/23. The Panel is open to anyone who is a social housing tenant or uses social landlords' services.

We also worked with the [Regional Network SHR Liaison Group](#). Our staff and some of our Board members continued to meet with the Regional Network SHR Liaison Group virtually during 2021/22. They provide us with tenants' perspectives and we value our engagement with them.

We have also participated in Webinars hosted by tenant advocacy bodies.

Our online [comparison tool](#) lets tenants find out about their landlord's performance in the areas that they have told us matter most: homes and rents, quality and maintenance, neighbourhood management, tenant satisfaction and value for money.

A group of tenants can report directly to us if they consider that their landlord has had a [Significant Performance Failure \(SPF\)](#). We will investigate this and engage with the landlord where improvements are required. In 2021/22 we received eight potential SPF reports and engaged with the landlords concerned. We have published [information leaflets](#) and a video on our website for tenants and landlords on what an SPF is, how to report it to us and what we will then do.

Learn more about how to raise a concern about a social landlord and SPFs from this [video](#).

In January 2021, we invited applications from volunteer tenant advisors to help inform our regulation. We thanked and retired the cohort of advisors that had worked with us over six years.

Tenant Advisors are tenants of either RSLs or LAs who volunteer to participate in regulation work and support SHR by:

- testing landlord services by acting as mystery shoppers, assessing information and materials produced by landlords for their tenants;
- reviewing SHR draft publications and website facilities, and helping the SHR to make sure material is both accessible and user friendly for tenants; and
- asking other service users for their views when the SHR assess the quality of service provided by social landlords to give the SHR a direct user perspective to add to other regulatory evidence.

We look forward to welcoming and working with a new group of tenant advisors in 2022/23.

4.3 Getting Assurance

We also fulfilled our function to monitor and report on social landlord performance and seek assurance around compliance with regulatory requirements.

We published the eighth [National Report](#) on the Scottish Social Housing Charter in August 2021 and for the period April 2020 – March 2021 we reported that almost 9 out of 10 tenants were satisfied with the homes and services their landlord provides.

For the areas that tenants tell us matter most:

- Emergency repairs response time - increased - 4.2 hours
- Tenants satisfied with the quality of their homes - unchanged - 87%
- Tenants satisfied that their rent is good value for money - decreased - 83%
- Average weekly rent - increased - £83.78
- Tenants satisfied with their landlord's contribution to neighbourhood management - decreased - 86%
- Anti-social behaviour cases which were resolved - unchanged - 94%
- First stage complaints responded to in full – down to 96.9%
- Average planned rent increases 2020/21 down to 1.2%

Chair George Walker said:

“It is clear that the pandemic impacted on social landlords’ ability to deliver services as they normally would. Landlords had to operate within changing levels of restrictions throughout 2020/21. This had an impact on the performance of landlords, and also on the data they have reported to us. The pandemic is the most significant contextual factor in assessing performance. We know landlords continue to face challenges and we will continue to work with tenants, Scottish Government and the Social Housing Resilience Group as landlords build back the range of services they provide to tenants and others.”

As part of the national Charter report, we also consider the Energy Efficiency Standard in Social Housing, which we have been monitoring since 2014. We reported that landlords told us that as at March 2021:

- 89% of homes met EESSH, up from 87% in the previous year.
- the total number of homes meeting EESSH increased by nearly 14,500 during 2020/21
- the total amount of money invested by landlords in meeting EESSH dropped by more than 52% to around £61 million (this reflects both the sequencing of the necessary works and the impact of the pandemic which has constrained landlords' capacity to fully implement investment programmes).

The Scottish Government confirmed a second milestone in June 2019, for social rented houses to meet by Dec 2032 (referred to as EESSH2). We carried out a consultation exercise on EESSH2 indicators in Jan 2021 and published the outcome from this in March 2021.

Following that, the Scottish Government convened the Zero Emissions in Social Housing Taskforce (ZEST) to consider and provide practical recommendations on what is required of social landlords to contribute to the Scottish Government's climate change targets. The final report from ZEST included a recommendation to bring forward the review of EESSH2 to begin as soon as possible.

In anticipation of the Scottish Government's review of EESSH2, we will collect through the 2022 Annual Return on the Charter (ARC) a more limited number of indicators on EESSH.

We set out in November 2021, the [focus of our annual regulatory risk assessment of social landlords](#), which we use to determine the assurance we need from landlords and what they may need to do to improve. It informs our decisions about what further information or assurance we need from social landlords. We set out how we will engage with each landlord in an [engagement plan](#) which we publish on our Directory of Social Landlords on our website. For RSLs this will include a Regulatory Status. We publish the outcomes from our risk assessment by the end of March.

Helen Shaw, Director of Regulation said:

“Social landlords have faced unprecedented challenges and have been at the forefront of efforts to support their tenants in such difficult times. It is likely that the impact of the pandemic will continue to be felt by social landlords for some time. And they will continue to face other challenges as they work to build back the services they provide for tenants, and meet wider challenges around for example climate change and the development of affordable new homes.”

In October 2021, social landlords provided their [annual assurance statements](#) to confirm that they meet our regulatory standards and requirements or to set out how they will address any areas of non-compliance. We used these to inform our regulatory risk assessment and published them on our Directory of Social Landlords.

In 2021/22, we engaged with all 32 LAs around homelessness services given the challenges of the pandemic. Our new approach is more time-consuming but mutually beneficial for us and the LAs as they have a clearer idea of what we expect and require and we have greater insight into homelessness services nationwide. We will continue to engage with all LAs in 2022/23 on homelessness.

We feed into our annual regulatory risk assessment:

- how LAs deliver services for people who are threatened with, or experiencing, homelessness. This includes providing people who need it with suitable temporary accommodation (particularly during the pandemic) and how they are working with their RSL partners to provide settled homes; and
- how RSLs perform in responding to requests for assistance, limiting the time people spend in temporary accommodation.

We also reported on our analysis of annual RSL loan portfolio returns in December 2021. We found that lender investment in RSLs remains high signalling a vote of confidence in the sector.

We reported that:

- lending and investment at 31 March 2021 exceeded £6.4 billion – up 3.8% from 2019/20;
- 41 different RSLs took out 66 new loans in 2020/21 totalling more than £660 million across 17 different lenders;
- 20% of all lending continued to come from the bond and capital markets; and
- 78% of new loans were raised to fund the construction or acquisition of affordable homes, allowing RSLs to make a major contribution to the Scottish Government’s commitment to deliver 110,000 affordable homes by 2032.

We also published audited financial statements for each RSL and aggregated tables and a complete dataset of the audited financial statements.

Shaun Keenan, Assistant Director of Regulation, said:

“Our most up to date analysis shows that lending to and investment in RSLs remains high. This represents a considerable vote of confidence in the sector and effective regulation, which helps protect funds. This is good news for RSLs and their tenants and service users.

“It is important that lender and investor confidence is maintained in order to retain the availability of lending and favourable investment rates for the sector. This will be vital in supporting RSLs as they continue to work on their recovery plans, build and test their resilience and continue to work to deliver on wider Scottish Government priorities to deliver affordable, warm and safe homes for tenants and service users.”

No RSLs	Status	What this means
136	Compliant (4 under review)	The RSL meets the Standards of Governance and Financial Management and regulatory requirements.
6	Working towards compliance	The RSL does not meet the Standards of Governance and Financial Management and regulatory requirements, and it is working to achieve compliance.
0	Statutory Action	The RSL does not meet the Standards of Governance and Financial Management and regulatory requirements, and we are using statutory powers to address the non-compliance.

We engage with landlords to get the necessary assurance about the effectiveness of their plans to respond to areas of noncompliance and this is set out in individual engagement plans.

4.4 Taking Action when we need to

During 2021/22, we completed statutory interventions in Thistle and Fairfield Housing Associations. In both cases tenants voted to transfer to other RSLs, Sanctuary Scotland and Kingdom Housing Associations respectively, and have benefited from that. We are very grateful to everyone involved in these interventions, particularly the volunteer statutory appointees drawn from the Scottish social housing sector.

Bob McDougall, Chair of Fairfield and a statutory appointee said:

“When Fairfield determined a better future lay in joining another organisation, it had the benefit of having experienced a shared services agreement with Kingdom. Our experience confirmed the best future opportunities for tenants and staff alike lay in formally joining Kingdom. We were delighted when Fairfield tenants gave overwhelming support for the transfer to Kingdom and we strongly believe that the interests of tenants will be best served by the improvements that the transfer will bring.”

During the year we also published reports on the outcome of completed interventions in Wishaw & District, Arklet, Ruchazie and Thistle Housing Associations. We will publish the outcome of our intervention in Fairfield in 2022/23.

Rhona McLeod, Chief Executive of Trust Housing said:

“We were pleased to agree the transfer with Wishaw & District Housing Association and eighteen months later the benefits for Trust and the tenants of Wishaw & District are evident. We are delighted to have been able to make substantial progress against all the tenant promises that were made as part of the transfer, including the exciting development of Park Place, Wishaw which will provide much needed new affordable homes in the area.”

Speaking about the Arklet transfer Angela Currie Chief Executive of Hanover said:

“We were delighted to be selected by Arklet as the preferred partner for transfer in 2018. We felt that there was a strong value alignment and a shared focus on improving the quality of life for older people. Since the official transfer in November 2019, significant benefits have been delivered to tenants, including a £12 reduction to monthly rents in 2020, Wi-Fi installations in communal lounges, and a range of engagement opportunities for residents to help shape the organisation. Additionally, cost savings of £430,000 have been achieved since the transfer through efficiencies and harmonisation, which is a remarkable achievement.”

Speaking about the intervention Hugh Holland, Chairperson of Ruchazie, said:

“Everyone associated with Ruchazie Housing Association has worked tirelessly over the last three years to secure the future of the Association, whilst maintaining high standards of services to our tenants. The support of Paul Rydquist, appointed statutory manager and appointees to the committee has been invaluable in making real and lasting improvements in governance, performance and

financial viability.

The Management Committee and staff team continue to be committed to delivering excellent services and demonstrating good governance to our tenants and customers, and this has been evident throughout the last 18 months which have been challenging for all our colleagues in the social housing sector.”

We did not take any new statutory action during 2021/22.

In October 2021, we published more information about [how we use our statutory intervention](#) powers if we need to take action to safeguard the interest of tenants and service users.

Margaret Sharkey, Assistant Director of Regulation, said:

“We want to be as open as possible about how we regulate so that tenants and service users, landlords and others with an interest in our work have a clear understanding of what we do, how we do it and why we do it.

“We only use our statutory intervention powers if there is a risk to the interests of tenants and service users.

“This information note helps explain for landlords, tenants and service users, and others who are interested in our work how we use these powers if we need to.”

During 2021/22, we saw some movement in the RSL sector for a range of reasons. We deregistered:

- Barony - transferred to West Lothian Partnership and Dunedin Canmore Homes within the Wheatley Group
- Bellsmyre - transferred to Caledonia
- Hunters Hall - transferred to Hillcrest
- Fairfield - transferred to Kingdom following statutory intervention
- Kendoon - transferred to Pineview
- Thistle - transferred to Sanctuary Scotland following statutory intervention
- Welso - transferred to the Link Group

In March 2022, we published [advisory guidance](#) setting out the de-registration process for RSLs. The guidance explains what RSLs need to do when seeking voluntary removal from the Register of Social Landlords, or when SHR seeks to compulsorily remove an RSL from the Register. In either case, certain criteria must be met, and in a particular order. The final decision to de-register an RSL is made by SHR’s Board.

We did not register any new social landlords during 2021/22.

SHR is a prescribed person under whistleblowing legislation. Read more [information for potential whistleblowers](#) and also about [how we deal with whistleblowing concerns](#) about a social landlord.

During 2021/22, whistle-blowers contacted us three times. None of these qualified as protected disclosures.

We took action in all three cases. In one case we are gathering information before deciding next steps. In the other two we worked with the landlords to establish the facts. We will continue to engage with these two landlords during 2022/23 to obtain assurance they are addressing any issues identified.

Since 1 April 2020, we have required through our Regulatory Framework all social landlords to have effective arrangements and a policy for whistleblowing by staff and governing body/elected members which it makes easily available and which it promotes.

4.5 Carrying out thematic work

We use thematic work to look in depth at specific areas of RSL and LA work. This helps us raise awareness of our priorities, emerging issues, lessons from serious casework and other things that tenants and service users tell us matter most. Thematic work also informs our advisory guidance and landlord regulatory risk assessments and lets us share positive practice. As set out in our restated Corporate Plan in 2020 we planned to develop a programme of work subject to easing of pandemic related restrictions. This was not possible and we roll this aspiration into 2022. That work will be focused on our regulatory priorities.

While we could not carry out thematic studies we used other means to raise awareness of our priorities, and we:

- published the outcome of our completed interventions, so that governing bodies can consider the points when carrying out their regular assurance and assessment of their own compliance with the regulatory requirements;
- reviewed governing body minutes as part of annual regulatory risk assessment of social landlords;
- surveyed landlords on tenant and resident health and safety, using the intelligence gathered in our regulatory risk assessment of social landlords and to inform the work we started to review our Asset management recommended practice;
- on behalf of the Scottish Social Housing Resilience Group collected and published information on the impact of Covid-19 on landlords and in collaboration with Housemark and Scottish Housing Network published analysis of the impact of Covid-19 on social landlords in Scotland during 2020/21; and
- spoke at Scottish Housing Associations Resources for Education (SHARE) annual conference, SFHA Finance conference and the Tenant Information Service (TIS) Rent Setting event as well as regular articles in social housing media to highlight the areas that we are focused on to raise awareness of regulatory expectations and share positive practice.

4.6 Promoting equality & human rights

We prioritise equality and human rights. Tenants and other service users of all backgrounds are at the heart of our work. These rights mean that everyone should be treated fairly with dignity and respect. We work to empower tenants and other service users, and to give them a voice.

Social landlords must meet the requirements of relevant equalities and human rights legislation. This includes working to understand the individual needs of their tenants and other service users, and to deliver services that recognise and meet these needs.

Landlords must assure themselves about this. We also ask landlords to update us in relation to their compliance with regulatory requirements, including on human rights and equalities, in the annual assurance statements they submit to us in October of each year.

In August 2021, we collaborated with the SFHA, GWSF and ALACHO to provide a [new guide](#) to support social landlords with the collection of equalities data.

We are working with the Scottish Human Rights Commission to develop a briefing for social landlords on the right to adequate housing.

Promoting equality and human rights is integral to all of our work. Our [equalities statement](#) 2019 – 22 re-affirms our commitment to meeting our equality duties and performing our role in a way which recognises and encourages the importance of equality and human rights.

We also encourage diversity and promote equality as an employer. We work hard to ensure our staff are knowledgeable on equality and human rights issues so that they are taken into account in how we work.

We continue to be committed to the Scottish Government's gender balance objective for public boards and were very mindful of that as we helped promote Scottish Ministers' recruitment campaign to SHR's Board during 2021. We [reported on our contribution](#) to gender equality on public boards in April 2021 and in November 2021 we welcomed two new Board members appointed by Scottish Ministers, which brings our complement to 4 women and 5 men.

We have had regard to island communities in carrying out our functions, in line with the Islands (Scotland) Act 2018. We have not carried out any islands' impact assessments during 2021/22. Our regulatory functions and the implementation of our Regulatory Framework do not have a different effect on any island communities compared with other communities in Scotland. When we engage with any landlord we take account of the local context for its service delivery and wider operating circumstances.

4.7 Our public body duties

In 2021/22 we achieved substantial assurance from our internal auditor and an unqualified audit opinion from Azets Audit Services on behalf of Audit Scotland.

In March 2022, we presented evidence in our 2020/21 annual report and accounts to the Scottish Parliament's [Local Government, Housing and Planning Committee](#) who are responsible for scrutinising our work. We kept the Committee updated on all our publications and news throughout the year and in July 2021 we also provided [information](#) about our priorities.

We spent £4.450m of our £4.7m revenue and £200k capital budget. Around 81% of our 2021/22 revenue budget relates to 48.26 FTE staff. We published our annual statement on how we comply with the Public Service Reform Act. We also retained Cyber Essentials Plus accreditation.

Our Board and Management Team monitor our performance against our Corporate and operational plans, including our targets.

Type	Response Time	Target	Performance (met/not met)
General Correspondence	8 working days	95%	Met
FOI requests	20 working days	100%	Not met in one case
FOI reviews	20 working days	100%	No reviews requested
Significant Performance Failures	5 working days	100%	Met
Invoice Payments	10 working days	100%	Met

We refreshed and implemented our [complaints handling procedures](#), which are aligned with the Scottish Public Services Ombudsman's new model and promoted this through our website. This includes publication of a quarterly summary of any complaints about us and what we learned from them. We received no complaints during 2021/22.

We received no appeals against our regulatory decisions. We received one request to review a decision and following consideration we upheld the original decision.

We invested in our IT systems, implementing new pages for our landlord directory on our new website, which we continue to develop to enhance the accessibility of our information. We achieved Cyber Essentials Plus accreditation for our business intelligence system for the third year. We also promoted the Cyber Essentials accreditation scheme to social landlords highlighting the importance of protecting against cyber fraud and of the need to ensure they protect tenants' information.

We made further changes to our business intelligence system to replace components that were reaching the end of life with more modern cloud-based computing software. These changes have realised financial savings but, more importantly, improved our efficiency and agility. We

have been developing and are introducing a new reporting mechanism on our social landlords portal for landlords to report data relating to their housing stock. This will give us a more accurate and up to date picture of homes provided by social landlords.

In the 2021 [Civil Service People Survey](#) our positive results were higher than the median both in the overall engagement score and in each of the nine core themes. Our results were also higher than the civil service “high performers” scores in each of the core themes.

Our staff wellbeing has always been important to us and even more so as our staff worked remotely and through the pandemic related challenges. We provided information and support to staff on wellbeing as well as information on support for carers. Staff held three rounds of one-to-one wellbeing conversations with their line manager during the year to check that they had the right support to continue to work safely and effectively from home. We put in place a range of measures to ensure our office was safe for a gradual re-opening from late 2021.

We submitted a report on our progress towards climate change targets in November 2021.

Once we are able to return fully to our office safely, our future way of working will be different from pre-pandemic, with a balance between working from home and utilising our office for collaborative working. As well as bringing more flexibility for staff, this will have a positive impact on travel patterns. In the medium to long term, our move to a new office in late 2023 will make a significant contribution to reducing our carbon emissions.

Join our 1764 twitter followers @shr_news and over 1800 SHR Update e-zine subscribers to keep up to date with our news.

Michael Cameron

Michael Cameron
Chief Executive

Date: 30 August 2022

5. Accountability report

Corporate Governance Report

Directors' Report

Introduction

We have prepared these accounts for the financial year 2021/22 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

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 2021 to the end of March 2022 is provided below:

- George Walker, Chair
- Andrew Watson
- Bob Gil
- Siobhan White, Audit and Risk Assurance Committee Chair from December 2018
- Colin Stewart
- Helen Trouten Torres
- Ewan Fraser
- Marieke Dwarshuis, from November 2021
- Lindsay Paterson, from November 2021

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
- Helen Shaw, Director of Regulation, from January 2022 replacing Ian Brennan in the Director of Regulation role
- 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 2021/22 was £4.9m, comprising a £0.2m capital budget and a £4.7m revenue budget, and representing an increase of around 8% from 2020/21 (£4.535m including a £0.2m capital budget). In 2021/22, as a result of recruitment delays due to pressures in Scottish Government HR Shared Services upon which we rely, we accumulated staff cost savings and at the mid-year review point returned £0.225m of our revenue funding, revising our revenue budget to £4.475m and capital to £0.15m. We spent £4.450m (2020/21 - £4.479m). We also had a non-cash budget of £0.054m for depreciation of IT assets (2020/21- £0.364m).

In 2021/22, we had a number of vacant posts due to the impact of the pandemic on recruitment activities and pressure on HR shared services. Recruitment to the vacant posts was completed in the latter part of 2021/22. Around 81% of our revenue costs were staff costs, 8% 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, Transport Scotland, incurring around £0.150m less than we spent on our previous larger permanent office in 2015/16. We will move to a new office in the latter part of 2023, continuing our arrangement with Transport Scotland in our new office and continuing to benefit from the efficiencies this will bring.

Our Business Intelligence Systems represent the majority of our IT costs. These systems support our regulatory data collection, data analysis and our engagement with the bodies we regulate.

All public bodies face funding pressures in the coming years and there continues to be uncertainty in future funding provisions and from the context of the coronavirus pandemic. Our revenue budget for 2022/23 is £4.92m, an increase of £0.220m from 2021/22 before taking account of the impact of inflation on staff salaries and other costs. In 2021/22 we had an uplift in our revenue funding following significant dialogue with the Scottish Government about the risk to our sustainability if there was not an increase in our funding. In 2022/23 our funding settlement, while including a cash uplift, is still likely to see pressure on budgets caused by rising inflation, increased employer costs and centrally negotiated pay rises. 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 future budgets that take account of pay inflation.

Reporting of personal data related incidents

During 2021/22, 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 £24,010 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 2022, we paid 100% 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.

During the year the Board and Management Team's workshops focused on Housing to 2040, Net Zero, Heat in Buildings, ESG (Environmental, Social, Governance) and risks to achieving SHR's objectives and aims. In June and August 2021, the Board considered and approved SHR's future office arrangements, which will involve a move in late 2023 to new premises with Transport Scotland. The Board approved SHR's annual report and accounts for 2020/21 for the Chief Executive as accountable officer to sign in October 2021. It monitored work plans and the budget each quarter and reviewed these in November 2021. The Board met with the Cabinet Secretary for Social Justice, Housing and Local Government in December 2021. In January 2022, it approved a programme of work for the 2022/23 around understanding organisational resilience. In February 2022, it considered the findings for a survey of all SHR staff about the Board and approved SHR's Health & Safety Statement. The Chair and Chief Executive presented SHR's Annual Report 2020/21 to the Scottish Parliament's Local Government, Housing and Planning Committee in March 2022. That month, the Board also agreed a new Strategy for 2022/23 to follow on from SHR's previous Corporate Plan, work plans and budget for 2022/23 and inputted to the Scottish Government's consultation on the Scottish Social Housing Charter.

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 2022 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. 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 2022/23.

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 met to take decisions nine times in 2021/22, three of these included Board workshops, all meetings were quorate. 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. In 2021/22 we welcomed two new Board members.

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 2021/22. Our Audit and Risk Assurance Committee meeting minutes are published on our website alongside information about membership and the terms of reference.

Membership comprised the following members of the Board:

- Siobhan White, Chair from December 2018
- 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. 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 comprises the Executive Team along with our five Assistant Directors of Regulation and our Assistant Director of Digital. I chair the Management Team.

Throughout 2021/22 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.

Since 2020/21, the coronavirus pandemic has meant we have faced a range of new issues and a heightened level of risk. In response, 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 and this remained in place throughout 2021/22. During 2021/22 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 2021/22, 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 2021/22.

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 2021/22 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 2022 and reported that we retained a good level of compliance with data protection legislation.

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 2021/22.

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 2022 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 2021/22, our internal auditors completed their risk-based internal audit plan with specific assurance work on our transition to working effectively during the pandemic and our regulatory response to Covid-19. Internal Audit has provided substantial assurance in relation to the assurance work undertaken.

In March 2020, our office closed in line with Scottish Government guidance in response to the Coronavirus pandemic and remained closed for the majority of 2021/22, with some limited reopening from November 2021. 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.

In August 2020, the Board agreed a restated Corporate Plan 2019 – 2022 that took account of the impact of the pandemic on our work. Annual operating plans support the delivery of our Corporate 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 2021/22. 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) 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. 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) ¹		Total (£'000)	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Officials										
Chief Executive										
Michael Cameron	80 - 85	80 - 85	-	-	-	-	10 - 15	70 - 75	90 - 95	155 - 160
Executive Team										
Ian Brennan (retired – 21/03/22)	80 - 85	75 - 80	-	-	-	-	25 - 30	25 - 30	110 - 115	105 - 110
Iain Muirhead	75 - 80	75 - 80	-	-	-	-	25 - 30	40 - 45	100 - 105	115 - 120
Helen Shaw (promoted –	15 - 20	-	-	-	-	-	5 - 10	-	25 - 30	-

24/01/22)										
Board Members Fees (NMD)										
Mike Dailly (left 28/02/21)	-	5 - 10	-	-	-	-	-	-	-	5 - 10
Marieke Dwarshuis (appointed - Nov 2021)	0 - 5	-	-	-	-	-	-	-	0 - 5	-
Ewan Fraser	5 - 10	5 - 10	-	-	-	-	-	-	5 - 10	5 - 10
Robert Gil	5 - 10	5 - 10	-	-	-	-	-	-	5 - 10	5 - 10
Lindsay Paterson (appointed - Nov 2021)	0 - 5	-	-	-	-	-	-	-	0 - 5	-
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

Annualised salaries

The annualised salaries of staff members either leaving or joining the Executive Team during the year were as follows; Ian Brennan, who retired on 21 March 2022, £80k-£85k and Helen Shaw, who was promoted to Director of Regulation on 24 January 2022, £75k-£80k.

The annualised salaries of new members joining the Board during the year were as follows; Marieke Dwarshuis, who joined in November 2021, £5k-£10k and Lindsay Paterson, who also joined in November 2021, £5k-£10k. No members left the Board during the year.

Pensions

	Accrued pension (P) at pension age and lump sum (LS) at 31/03/22 £'000 Band	Real pension increase (P) and lump sum (LS) at pension age £'000 Band	CETV at 31/03/22 £'000	CETV at 31/03/21 £'000	Real increase/(decrease) in CETV £'000
Ian Brennan Director of Regulation (retired – 21/03/22)	20 - 25 (P) 0 (LS)	0 - 2.5 (P) 0 (LS)	400	360	24
Michael Cameron Chief Executive	40 - 45 (P) 90 - 95 (LS)	0 - 2.5 (P) 0 (LS)	851	806	(1)
Iain Muirhead Director of Digital and Business Support	25 - 30 (P) 50 - 55 (LS)	0 - 2.5 (P) 0 (LS)	508	467	13
Helen Shaw Director of Regulation (promoted – 24/01/22)	35 - 40 (P) 70 - 75 (LS)	0 - 2.5 (P) 0 - 2.5 (LS)	694	666	6

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 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/(decrease) 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 2021/22 was £80,000-£85,000 (2020/21, £80,000-85,000). This was 1.61 times (2020/21, 1.53) the median remuneration of the workforce, which was £49,861 (2020/21, £52,478). The banded mid-point of our highest paid director in 2021/22 was £82,500 (2020/21, £82,500) which represented an increase of nil% on the previous year.

For 2021/22, new reporting requirements introduced reporting of the 25th and 75th percentile figures and these are shown in the table below. As the 25th and 75th percentile figures are new reporting for 2021/22 there are no prior year comparative figures included.

	2021-22 25 th %	2020-21 25 th %	2021-22 50 th %	2020-21 50 th %	2021-22 75 th %	2020-21 75 th %
Highest paid director (band mid-point) (£)	82,500	82,500	82,500	82,500	82,500	82,500
All staff average (£)	42,996	n/a	49,861	52,478	62,167	n/a
Ratio	1.92	n/a	1.65	1.57	1.33	n/a

The average annualised FTE salary for all employees (excluding the highest paid director) in 2021/22 was £52,881 (2020/21, £53,251), which represented a marginal decrease of 0.69% on the previous year.

In 2021/22, no employees (2020/21, 0) received remuneration in excess of the highest-paid director. Remuneration ranged from £1,639 – £83,233 (2020/21, £6,317 to £83,233).

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.

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 2021-22 Civil Service People Survey the level of positive feedback across all survey themes remained high. The overall employee engagement index increased on the previous year to 75% (2020/21, 71%).

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 Health and Safety Representative.

<http://www.civilservice.gov.uk/pensions>

Staff Costs (audited)

			2021-22 £000	2020-21 £000
	Permanently employed staff	Others	Total	Total
Wages and salaries	2,607	-	2,607	2,428
Social security costs	301	1	302	279
Other pension costs	719	4	723	666
Inward secondments	-	-	-	-
Temporary staff	-	14	14	-
Movement in short term employee benefits	(24)	-	(24)	56
Early retirement	-	-	-	-
Total net costs	<u>3,603</u>	<u>19</u>	<u>3,622</u>	<u>3,429</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/.

During the year ended 31 March 2022, employers' contributions of £0.723m (2020/21, £0.666m) 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 2021-22 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Average number of persons employed

			2021-22	2020-21
	Permanently employed staff	Others	Total	Total
Directly employed	47.68	0.58	48.26	46.57
Other	-	-	-	-
Total	<u>47.68</u>	<u>0.58</u>	<u>48.26</u>	<u>46.57</u>

Number of Senior civil service staff employed

	2021-22	2020-21
Band	Total	Total
SCS - Deputy Director 1	1	1

Gender Balance

At the end of the 2021/22 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	4	5
Employees: Executive Team (including Chief Executive)	1	2
All Employees (including Executive Team)	33	18

Sickness absence data

The average total number of sick days per full time employee in 2021/22 was 10.0 days (2020/21, 11.4 days).

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 2021/22.

Expenditure on consultancy

We incurred expenditure of £56.0k on external consultancy in 2021/22. This equates to 1.3% of our total revenue expenditure (2020/21, 1.1%). 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 2022.

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

Michael Cameron

Michael Cameron
Chief Executive
Date: 30 August 2022

Independent Auditor's Report

Independent auditor's report to 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 Scottish Housing Regulator for the year ended 31 March 2022 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Government Financial Reporting Manual (the 2021/22 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 2022 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 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 six 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.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, we report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

Risks of material misstatement

We report in our Annual Audit Report 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 there is an intention to discontinue the body's operations.

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 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 skillfulness 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. 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 in respect of irregularities explained in the audit of the financial statements section of our report, 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.

Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 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 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 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: 30 August 2022

6. Financial statements

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2022

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 2022 derive from the ordinary activities of the Scottish Housing Regulator, all of which are continuing.

	Note	2021-22 £000	2020-21 £000
Administration costs:			
Staff costs	2	3,622	3,429
Purchase of goods and services	2	770	718
Depreciation and impairments charges	2	54	365
Other operating expenditure	2	-	-
		-----	-----
Total		4,446	4,512
		-----	-----
		-----	-----
Net operating expenditure		4,446	4,512
		=====	=====

The notes on pages 50 to 64 form part of the financial statements.

Statement of Financial Position

as at 31 March 2022

Michael Cameron

Michael Cameron

Chief Executive

The financial statements have been
authorised for approval on : 30 August 2022

	Note	2021-22 £000	2020-21 £000
Non-current assets:			
Property, plant and equipment	3	58	6
Intangible assets	4	284	332
		-----	-----
Total non-current assets		342	338
		-----	-----
Current assets:			
Trade and other receivables	6	19	0
Cash and cash equivalents	7	2	2
		-----	-----
Total current assets		21	2
		-----	-----
Total assets		363	340

Continued overleaf

The notes on pages 50 to 64 form part of the financial statements.

Statement of Financial Position Cont'd...

As at 31 March 2022

	Note	2021-22 £000	2020-21 £000
Current liabilities			
Trade and other payables	8	(400)	(457)
Total current liabilities		----	----
		(400)	(457)
Total assets less current liabilities		----	----
		(37)	(117)
Net assets		----	----
		(37)	(117)
		=====	=====
Taxpayers' equity:			
General Fund		(37)	(117)
Total taxpayers' equity		----	----
		(37)	(117)
		=====	=====

The notes on pages 50 to 64 form part of the financial statements.

Statement of Cash Flows
for the year ended 31 March 2022

	Note	2021-22 £000	2020-21 £000
Cash flows from operating activities			
Net operating expenditure		(4,446)	(4,512)
Adjustments for non-cash transactions:			
Depreciation and amortisation	3,4	54	365
Auditor's remuneration	9	24	24
Movement in working capital:			
(Increase) / decrease in trade and other receivables	6	(19)	0
Increase / (decrease) in trade and other payables	8	(57)	92
		----	----
Net cash outflow from operating activities		(4,444)	(4,031)
		----	----
Cash flows from investing activities			
Purchase of property, plant & equipment		(58)	0
Purchase of intangible assets		0	(332)
		----	----
Net cash outflow from investing activities		(58)	(332)
		----	----
Cash flows from financing activities			
Scottish Government funding		4,502	4,363
		----	----
Net financing		4,502	4,363
		----	----
Net increase / (decrease) in cash and cash equivalents		0	0
		=====	=====
Cash and cash equivalents at beginning of period	7	2	2
Cash and cash equivalents at end of period	7	2	2

The notes on pages 50 to 64 form part of the financial statements.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2022

	Note	General Fund £000	Total Reserves £000
Balance at 31 March 2020		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)
Balance at 31 March 2021		(117)	(117)
Net funding		4,502	4,502
Non-cash charges – auditor's remuneration	9	24	24
Comprehensive net expenditure for the year		(4,446)	(4,446)
Balance at 31 March 2022		(37)	(37)

The notes on pages 50 to 64 form part of the financial statements.

Notes to the Accounts

1. Accounting Policies

The financial statements have been prepared in accordance with the 2021-22 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 2022 show a deficit on the general fund of £0.037m (20-21 – £0.117m). 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 2021-22 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
Fixtures & fittings	4 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 life of licence if shorter	3 years or life of licence if shorter

The Business Intelligence System will be fully amortised by 31st 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/).

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 £0.460 million as at 1st April 2021 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 2021-22. No other services were supplied by Audit Scotland or Azets during the year ended 31 March 2022.

	2021-22 £000	2020-21 £000
Wages and salaries	2,607	2,428
Social security costs	302	279
Other pension costs	723	666
Inward secondments	-	-
Temporary staff	14	-
Movement in short term employee benefits	(24)	56
Early retirement	-	-
Depreciation and amortisation	54	365
IT costs	363	335
Accommodation expenses	168	168
Non-executive board members' fees & expenses	86	85
Support and consultancy	56	49
Office expenses	27	32
Auditor's remuneration (notional charge – note 9)	24	24
Conferences and seminars	5	9
Professional fees and subscriptions	5	6
Stakeholder engagement	11	4
Travel and subsistence	3	2
Training and development	10	2
Marketing	-	1
HR and recruitment costs	12	1
Catering	-	-
	4,446	4,512

3. Property, Plant and Equipment

	ICT Equipment £000	Fixtures & Fittings £000	2021-22 Total £000
Cost			
At 1 April 2021	24	-	24
Additions	47	11	58
Disposals	(14)	-	(14)
	----	----	----
At 31 March 2022	57	11	68
	----	----	----
Depreciation			
At 1 April 2021	18	-	18
Charged in year	6	-	6
Disposals	(14)	-	(14)
	----	----	----
At 31 March 2022	10	-	10
	----	----	----
Carrying value at 31 March 2022	47	11	58
	=====	=====	=====
Carrying value at 31 March 2021	6	-	6
	=====	=====	=====
Asset financing:			
Owned			
Carrying value at 31 March 2022	47	11	58
	=====	=====	=====

3. Property, Plant and Equipment
Cont'd

	ICT Equipment £000	Fixtures & Fittings £000	2020-21 Total £000
Cost			
At 1 April 2020	247	-	247
Additions	-	-	-
Disposals	(223)	-	(223)
	----	----	----
At 31 March 2021	24	-	24
	----	----	----
Depreciation			
At 1 April 2020	198	-	198
Charged in year	43	-	43
Disposals	(223)	-	(223)
	----	----	----
At 31 March 2021	18	-	18
	----	----	----
Carrying value at 31 March 2021	6	-	6
	----	----	----
Carrying value at 31 March 2020	49	-	49
	=====	=====	=====
Asset financing:			
Owned			
	----	----	----
Carrying value at 31 March 2021	6	-	6
	=====	=====	=====

4. Intangible Assets

	Information Technology £000	Software Licences £000	2021-22 Total £000
Cost			
At 1 April 2021	332	-	332
Additions	-	-	-
Disposals	-	-	-
	----	----	----
At 31 March 2022	332	-	332
	----	----	----
Amortisation			
At 1 April 2021	-	-	-
Charged in year	48	-	48
Disposals	-	-	-
	----	----	----
At 31 March 2022	48	-	48
	----	----	----
Carrying value at 31 March 2022	284	-	284
	----	----	----
Carrying value at 31 March 2021	332	-	332
	=====	=====	=====
Asset financing:			
Owned			
	----	----	----
Carrying value at 31 March 2022	284	-	284
	=====	=====	=====

Continued overleaf

4. Intangible Assets Cont'd

	Information Technology £000	Software Licences £000	2020-21 Total £000
Cost			
At 1 April 2020	1,452	-	1,452
Additions	332	-	332
Disposals	(1,452)	-	(1,452)
At 31 March 2021	332	-	332
Amortisation			
At 1 April 2020	1,130	-	1,130
Charged in year	322	-	322
Disposals	(1,452)	-	(1,452)
At 31 March 2021	-	-	-
Carrying value at 31 March 2021	322	-	322
Carrying value at 31 March 2020	332	-	332
Asset financing:			
Owned			
Carrying value at 31 March 2021	332	-	332

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

	2021-22 £000	2020-21 £000
Amounts falling due within one year:		
Prepayments	0	0
Other receivables	19	0
	-----	-----
	19	0
	=====	=====
Intra-government balances		
Balances with other central government bodies	-	-
Balances with bodies external to government	19	0
	-----	-----
	19	0
	=====	=====

7. Cash and Cash Equivalents

	2021- 22 £000	2020- 21 £000
Balance at 1 April 2021	2	2
Net change in cash and cash equivalent balances	0	0
Balance at 31 March 2022	2	2

The following balances were held at 31 March 2022:

Commercial banks and cash in hand	2	2
Balance at 31 March 2022	2	2
Balance at 31 March 2022	2	2

8. Trade Payables and Other Current Liabilities

	2021- 22 £000	2020- 21 £000
Trade payables	1	74
Accruals	226	228
Other payables	173	155
Balance at 31 March	400	457
	=====	=====
Intra-government balances		
Balances with other central government bodies	-	-
Balances with bodies external to government	400	457
	400	457
	=====	=====

9. Notional Charges

The following charge has been included in the accounts:

	2021-22 £000	2020-21 £000
Auditor's remuneration	24	24
	24	24
	=====	=====

10. 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.

The Scottish Housing Regulator also 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 party has undertaken any material transactions with the Scottish Housing Regulator. In addition, no Board member, key manager or related party received any benefits in kind. Further details are set out in the Remuneration and Staff Report that accompanies these financial statements.

11. Capital Commitments & Contingent Liabilities

No contracted capital commitments or contingent liabilities existed at 31 March 2022 (2021, none).

12. Leasing Commitments

At 31 March 2022, the total of future minimum lease payments under non-cancellable operating leases for each of the following periods were:

	2021-22 £000	2020-21 £000
Obligations under operating leases for the following periods comprise:		
Buildings		
Not later than one year	177	174
Later than one year and not later than five years	124	302
Later than five years	-	-
	----	----
	301	476
	====	====
Other		
Not later than one year	-	1
Later than one year and not later than five years	-	-
Later than five years	-	-
	----	----
	-	1
	====	====

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:

	2021-22 £000	2020-21 £000
Not later than one year	131	211
Later than one year and not later than five years	240	211
Later than five years	-	-
	----	----
	371	422
	====	====



The Scottish Government
Riaghaltas na h-Alba

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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Laid before the Scottish Parliament September 2022 SG/2022/148

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