

**Capita Tenant Engagement Conference  
10 September 2013**

**At the heart of housing in Scotland: tenant engagement**

I would like to thank Capita for inviting me to join you this morning. It may be helpful if I start by explaining my particular interest in tenant engagement. I joined the Board of the Scottish Housing Regulator in March this year, however I have been involved in Scottish housing for the last twenty years as a community law centre solicitor acting exclusively for tenants across Scotland. Over the years, I have been involved in a number of campaigns and cases, which have sought to improve tenants' rights in Scotland.

**I am a strong supporter of robust, proportionate, risk-based regulation as a means to secure better outcomes for the end user of a service.** For the last four years I've been involved in the work of the UK financial services regulator – as a member of the Financial Services Consumer Panel - and suffice it to say we all know what can happen when you don't have strong, independent, regulation.

**At the heart of good regulation in any sector is meaningful engagement with the service user; and no business can operate to a high standard if it doesn't understand and properly engage with its customers.** Meaningful engagement with tenants by both the Scottish Housing Regulator and the tenant's landlord are essential prerequisites of good governance and good service. **And in my view, engagement must be at a formative stage; where the tenant can shape policy and outcomes.** No one should be interested in box ticking exercises in the 21<sup>st</sup> century.

**I would like to cover two main areas this morning:**

The first is the Charter: the work we're doing to set us up for monitoring landlords' performance against the Charter, and the role tenants play in that.

The second is to give you a flavour of our commitment to involving tenants and other service users in our own work, to demonstrate that we practise the principles that underpin good tenant and service user engagement.

Before I start, I want to briefly set the scene by saying a few words about our role and priorities. **We have one statutory objective, which is to protect the interests of tenants and other service users.** This gives us a clear sense of purpose, and is at the heart of our work.

We are all about good outcomes for tenants and other service users. I'll talk quite a bit about the Scottish Government's Charter this morning. The Charter sets the framework of outcomes and standards. We have a clear role to monitor and report on the Charter, and to help tenants to hold landlords to account for their performance.

**For RSLs, we also have a strong focus on good governance and financial health.** This is because good governance and financial health underpin a landlord's ability to deliver for tenants and others. For councils, this financial scrutiny role rests with Audit Scotland.

**Governance is the leadership, strategic direction and control of the organisation.**

Good governance is focused on delivering for tenants and others, and this is what will see

landlords through the hard times we all find ourselves in. Governing bodies are at the heart of an RSL's governance, and it is crucial that members have the skills, knowledge and confidence to equip them to challenge effectively. Given the risks facing landlords, this has never been more important than now.

**Financial health is a prerequisite for landlords' delivery of good outcomes for current and future tenants.** This is achieved by landlords having sound financial and treasury management, effective cost control, a strong risk culture and effective business planning. These have always been important, but are undoubtedly more so now.

**So, to the Charter.** As most of you will know, the Scottish Government's Social Housing Charter sets out standards and outcomes that social landlords should aim to achieve when carrying out their housing activities. **It was approved by the Scottish Parliament in March 2012 and came into force on 1 April 2012.**

What we as the Regulator are responsible for is monitoring, assessing and reporting on landlords' achievement of the standards and outcomes in the Charter. We consulted widely last year on the indicators that we will use to do this, and I suspect a number of people here today would have been involved in that process. As well as sending our consultation document to social landlords and other interested parties, we also issued it to all of the registered tenant and resident groups in Scotland. We held consultation events across Scotland and appointed the Tenants Information Service to organise and facilitate events for us with tenants across Scotland. Over 350 people attended these events alone. Of the 161 formal responses that we got to our consultation just over a fifth were from tenant and resident groups.

**We published the final indicators on 1 October 2012 and the first reporting year began this year on 1 April 2013.** We are continuing to talk to landlords to make sure that the information we get is as accurate as possible.

**So what does this mean for tenants?** Each landlord will send us their first Annual Return on the Charter (known as the ARC) **by 31 May 2014**, giving us information on how they are delivering on the Charter.

We have included eight satisfaction indicators that landlords must ask as part of their comprehensive satisfaction surveys or at the point of a tenant receiving a particular service. All landlords must ask the same questions so that we – and tenants - can compare how landlords are doing. One of these indicators is about how tenants think their rent represents good value for money.

By 31 August each year we will publish a report on each landlord that will include some of the key indicators from the ARCs. We are still talking to tenants' representatives about what this report should look like. We did consult on a prototype last year as part of our wider consultation and we are continuing to refine our proposals. We met with Regional Network representatives and some of our tenant assessors over the summer to talk about what should be in this landlord report and what it should look like.

**This report isn't, and shouldn't be seen as, our assessment of a landlord's performance.** It will be some of the information that landlords have given us and we want to get it out for tenants as quickly as possible. We will publish this on our website and we are requiring that landlords make it available to their tenants in the most appropriate way. **We are developing a new IT system that will allow these landlord reports to be as**

**interactive as possible, so that tenants and landlords can see more information and can compare across a selection of landlords.** At the very least, the report has to be meaningful enough to give tenants the basic information on their landlord's performance in some key areas.

By the end of October each year landlords must report their own performance in achieving, or progressing towards achieving, the Charter outcomes and standards.

We haven't been prescriptive about how landlords should do this as it is for each landlord to decide in discussion with their tenants. This performance assessment may be part of landlords' current annual reporting arrangements, providing they agree this with tenants. Or it may be something different. We have set out some minimum expectations in our Regulatory Framework that we published in February 2012. We have suggested that landlords should consider benchmarking, peer review and external accreditation in their assessment of their performance.

The style and format of their performance report should be accessible to tenants and tenants should be able to feed back their views on the style, format and usefulness of the report. We don't expect that this performance report should be an annual occurrence that is done only for us. The assessment of performance should be a continuous process. It should be an effective tool that landlords use to improve the quality of services they provide.

**It is vitally important that tenants are involved in the scrutiny of landlords' performance.** A landlord should understand its tenants' priorities and needs, involve them in setting priorities, objectives and standards and inform them about its performance against

these. Importantly, tenants should be able to hold their landlord to account by having the right information.

**Again, it is not for us to tell each landlord how they should involve tenants. It is for tenants and landlords to agree what works at a local level. But we have given some key requirements.** Landlords need to agree the approach with tenants, **it has to be meaningful and give tenants a real role in assessing performance.** Landlords are expected to publicise their approach to tenants. And, they need to be able to demonstrate what they have done in involving tenants.

**There are of course service users other than tenants. These include homeless people, owners and Gypsy Travellers.** We know that these groups may be harder to reach, but we expect landlords to demonstrate that they have involved these groups, where relevant.

Where tenants fundamentally disagree with their landlord's assessment of its performance or where the landlord has not involved them as it has agreed, tenants can tell us about this **as a Significant Performance Failure.** You may have seen that we recently published a new leaflet to help tenants and tenant groups understand how they can raise concerns about the services their landlord is providing. We hope that this new leaflet, which we developed with input from our tenant assessors, will help tenants to take forward their complaint or concern.

Each year we will publish a range of accessible information that will allow tenants, homeless people and others who use housing services to understand and in due course to compare landlords' performance in achieving the Charter outcomes and standards. We aim to give

tenants information that will help them hold their landlords to account and that will help tenants and other service users to understand the performance of social landlords.

The information that we are requiring landlords to give us in their Annual Return on the Charter is the basis for our monitoring their achievement of the Charter outcomes and standards. There are a number of other things that we might do to help in our monitoring and assessing. Later on in the year we may well ask individual landlords for information and assurance on how it reported its performance to tenants. We may carry out a number of annual visits to a selection of landlords to check the accuracy of the information they have given us. We need to be sure that the information we – and tenants – are using is accurate. We may ask the landlord to send us a copy of their own performance report to tenants. All of this information will feed into our annual regulatory assessments for RSLs and to the shared risk assessment for local authorities. The outcome from these assessments is any further scrutiny or intervention activities that we will have with each landlord and this is published each year in the Regulation Plan for RSLs or the Assurance and Improvement Plan that is produced for each local authority by all the relevant scrutiny bodies.

Other things that we may do are to analyse information from landlords and identify areas of service delivery that might benefit from **a thematic inquiry**. Through a thematic inquiry we can examine a particular issue in depth across a number of landlords at the same time.

**This year, we are carrying out our first thematic inquiry, which is focusing on how local authorities are delivering on Housing Options and Prevention of Homelessness.**

We expect to publish our assessments and recommendations before the end of the year.

**Given the theme of today's event, I also wanted to spend some time this morning to tell you about our own approach to involving tenants and other service users in our regulatory work.**

Our clear starting point is that engaging with tenants helps to make our work accountable, transparent and relevant. For us this starts at Board level. Two of my colleague Board members – Lisa Peebles and Wesley Mitchell – are tenants of social landlords. All our Board members have a corporate responsibility, but Lisa and Wesley's presence on our board helps make sure that a tenant perspective is embedded firmly at Board level.

We published our consultation and involvement strategy last summer, which sets three objectives. These are all about helping us to understand tenants' and service users' opinions and priorities, creating meaningful opportunities for tenants and their representatives to work with us, in developing our regulatory approach, and involving tenants in our scrutiny work.

I'll illustrate this with a few examples of how we're doing this. We recognise the place and value of organised tenant bodies. We are in discussions with the nine regional networks of RTOs to finalise a model of engagement with us that fits best with their preferences. As part of that we're committed to a channel for high-level dialogue between the networks and our Board members and chief executive.

Over the next few months we will begin **a survey of RTOs**, to help us understand the views, experiences and service priorities of these organisations. And we know that some service user groups have less well-developed methods of participating and influencing, so we liaise regularly with bodies who work on behalf of service users, such as Shelter and Homeless Action Scotland.

**As part of our commitment to engaging directly and regularly with tenants, we have this year set up a national panel of tenants and service users.** The panel is effectively a large sounding board through which we can find out more about tenants' views and priorities. It complements our dialogue with organised tenant bodies. We will engage with panel members through surveys and more interactive methods like group discussions and interviews. **We promoted the opportunity to join the panel widely, and it already has around 350 members.** We've recently completed the first survey of panel members and the responses are currently being analysed. This is a new initiative for us and we're excited about its potential.

We also are very aware of the value of involving tenants directly in our scrutiny work. This gives our work a clear service user perspective. There are two main ways in which we do this. Where we are carrying out direct scrutiny of a landlord's service delivery, we will talk to tenants and others who use that landlord's service. And we also work with a group of tenant assessors – including this morning's next speaker, Danny Mullen – to engage with tenants. Tenant assessors assist us by talking to tenants about the services they receive and to review the landlord's approach to service delivery, engagement and communication.

**To conclude then;** I hope I have been able to demonstrate how we believe meaningful engagement with tenants by both the Scottish Housing Regulator and social landlords are essential prerequisites of good governance and good service. **Tenant engagement should never be at the periphery, it has to be at the heart of housing in Scotland.**

Mike Dailly  
Board Member  
Scottish Housing Regulator

Edinburgh, 10 September 2013