

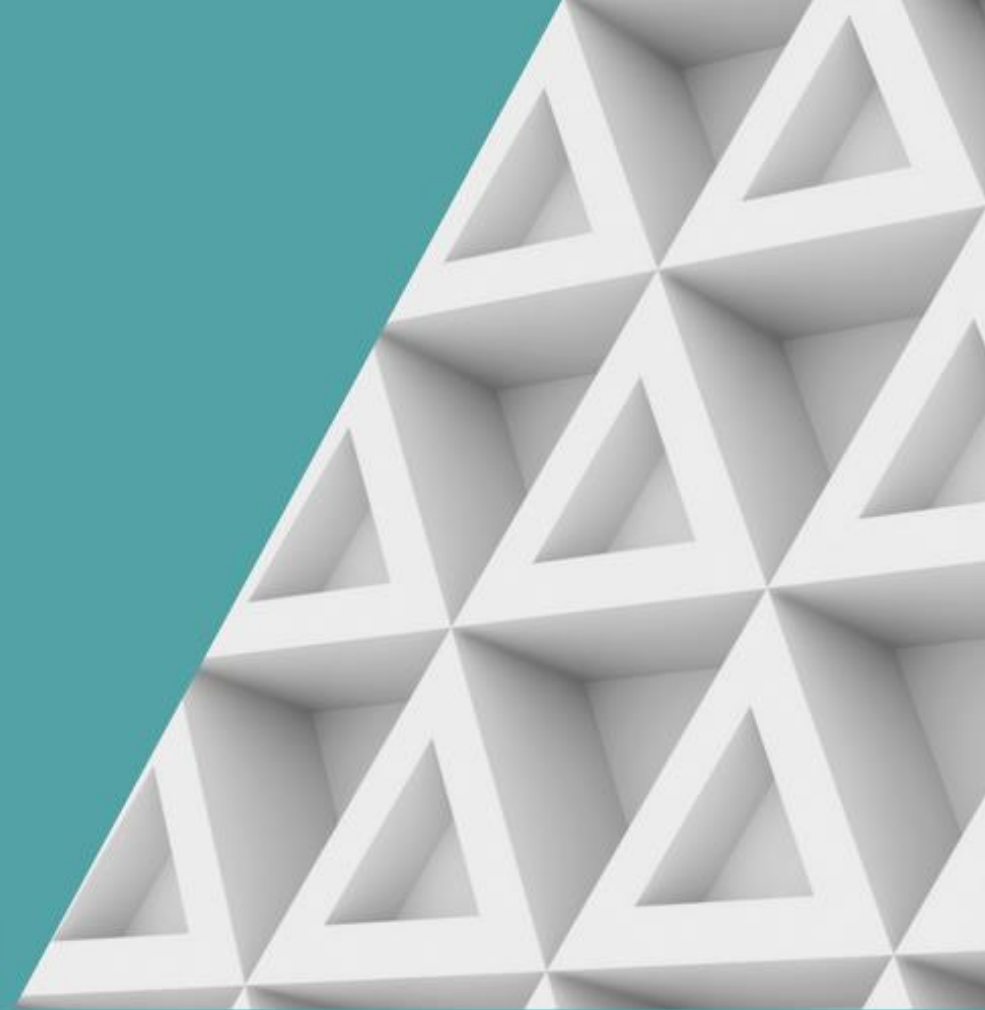


**Scottish Housing**  
Regulator

## **Risk Assessment**

Summary outcomes

March 2018



# About us

We are the independent regulator of social landlords in Scotland. Our one statutory objective is to safeguard and promote the interests of:

## We protect:

nearly

**610,000** tenants

who receive services of social landlords

over

**123,000** owners

who receive services of social landlords

around

**40,000** people & their families

who may be homeless and seek help from local authorities

over

**2,000** Gypsy/Travellers

who can use official sites provided by social landlords

## We regulate:



around

**200**

Social landlords



**160**

Registered Social Landlords



**32**

Local Authorities

## How we regulate....

Our Regulatory Framework explains how we regulate social landlords and is available on our website [www.scottishhousingregulator.gov.uk](http://www.scottishhousingregulator.gov.uk)

## About this booklet

Each year we carry out an annual risk assessment of the risks facing all registered social landlords (RSLs). We also work with Audit Scotland and other scrutiny bodies through Local Area Networks (LANs) on a joint approach to the scrutiny of local authorities.

This booklet summarises the outcome from this year's risk assessment and sets out the reasons for our engagement with RSLs and local authorities during 2018/19.



[Read our Regulation Plans](#)



[Read our Local Scrutiny Plans \(LSPs\)](#)

## Our engagement with RSLs

We monitor, assess and report on the financial well-being, governance and performance of RSLs through our annual risk assessment. We use the best and most up-to-date information available to us to form a view as to whether each RSL complies with regulatory standards. This includes the annual returns that RSLs are required to submit which consist of the Annual Report on Charter (ARC), the Audited Financial Statements (AFS), Financial Forecasts and Loan Portfolio details. For any RSL, where we judge that we need further assurance, we will engage and publish details of the engagement in a Regulation Plan. We publish Regulation Plans for all RSLs which are medium or high engagement.

## Our levels of engagement

High	8 RSLs	
Medium	56 RSLs	
Low	94 RSLs	

**Low engagement:** We have written to 67 of the 94 RSLs which are low engagement where we have identified a particular issue which requires the attention of the landlord but it is not proportionate for us to engage on this. We will review progress when we receive the next set of annual returns.

## RSLs we will have high engagement with



**Antonine**



**Wishaw &  
District**



**Arklet**



**Dalmuir  
Park**



**Ferguslie  
Park**



**Kincardine**



**Ruchazie**

**Wheatley  
Housing  
Group**



We will have high engagement with Wheatley as it is the largest RSL and the largest developer of affordable homes.

# Principal reasons for our engagement with RSLs

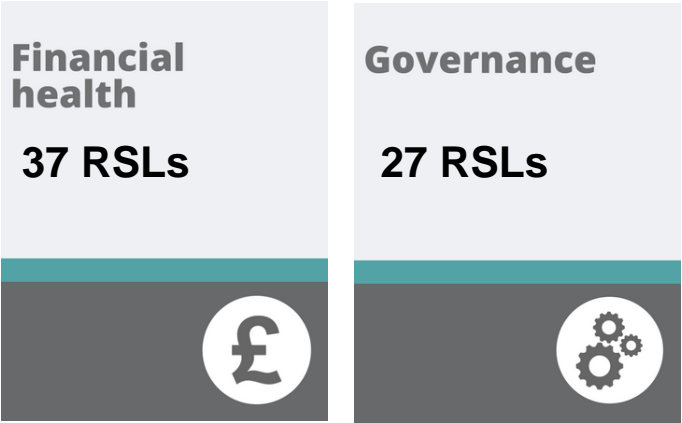
This year we are planning a small increase in the number of RSLs we are engaging with.

Social landlords are increasingly complex businesses operating in a riskier and more uncertain world. They are having to deal with a range of challenges including the impact of Welfare Reform, developments in health and social care, meeting the Energy Efficiency Standard for Social Housing as well as, for some, more complex treasury management arrangements and managing their pension liabilities.

At the same time, landlords are considering how they can contribute to the Scottish Government’s ambitious targets for 50,000 affordable homes by 2021 whilst keeping rents affordable and ensuring that tenant safety is paramount.

We are also seeing a number of landlords embark on ambitious development programmes often after a significant period of time since they last developed. We are therefore planning to engage with a number of landlords to get assurance about how they plan to manage the risks associated with development.

At the heart of this challenge is the need for landlords to be well governed and financially viable. We are therefore engaging with more RSLs to get assurance about how they are managing these challenges and risks.



## Principal reason for our engagement

RSL size (by number of homes)	Financial health £	Governance 	Stock quality 	Service quality ✓
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Under 1,000	7	19	0	0
Over 1,000	0	4	0	0
Over 1,500	30	4	0	0

## Systemically important RSLs

For some RSLs, there are certain characteristics in terms of stock size, turnover, debt and geographical location that would increase the difficulty for us to fulfil our statutory objective of protecting tenants and others if the RSL were to experience financial difficulty.

We refer to these RSLs as systemically important. We need to develop and maintain a detailed understanding of the business plans for these RSLs.

We have identified 23 RSLs as systemically important. This is one more than last year. The systemically important RSLs are below.

Albyn Housing Society	Argyll Community Housing Association
Bield Housing Association	Caledonia Housing Association
Castle Rock Edinvar Housing Association	Clyde Valley Housing Association
Dumfries and Galloway Housing Association	Cunninghame Housing Association (new)
Hanover (Scotland) Housing Association	Grampian Housing Association
Hillcrest Housing Association	Hebridean Housing Partnership
Key Housing Association	Home in Scotland
Link Group	Kingdom Housing Association
Queens Cross Housing Association	North Glasgow Housing Association
Sanctuary Scotland Housing Association	River Clyde Homes
West of Scotland Housing Association	Scottish Borders Housing Association
	Wheatley Housing Group*

\*Glasgow Housing Association, Dunedin Canmore and Cube Housing Associations all meet the criteria for systemic importance, but because they are subsidiaries of Wheatley Housing Group which is systemically important, we engage with the Group.



## Our engagement with local authorities

During 2018/19 we will engage with 20 of Scotland's 32 local authorities. We explain below which local authorities we will engage with and the reasons for this.

	<b>Scrutiny</b>	<b>4 local authorities</b>	
	<b>On-going monitoring</b>	<b>16 local authorities</b>	
	<b>No scrutiny</b>	<b>12 local authorities</b>	

We have written to four of the local authorities where we have identified a particular issue which requires the attention of the landlord but it is not proportionate for us to engage on this. We will review progress when we receive the next set of annual returns.

The term “scrutiny” is equivalent to “high engagement” and “on-going monitoring” to “medium engagement” and “no scrutiny” to “low engagement”.

## We will have a higher level of scrutiny with:



**Dumfries and  
Galloway Council**



**Glasgow City Council**



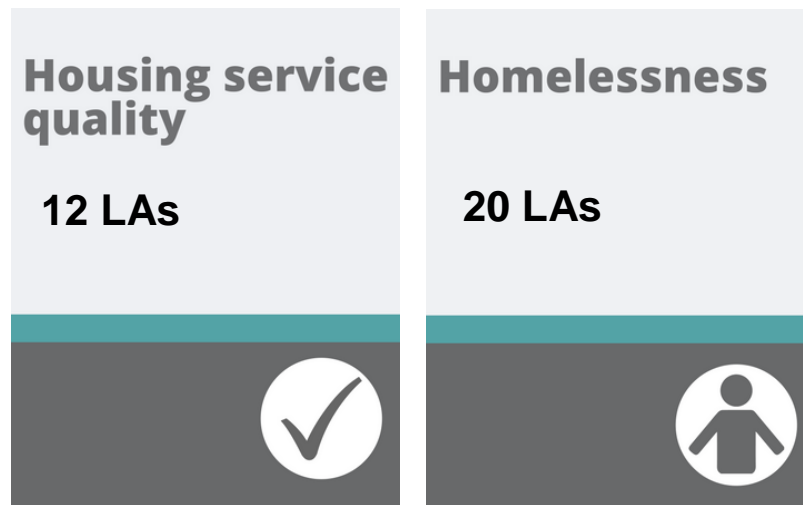
**East Dunbartonshire  
Council**



**Shetland Islands  
Council**

## Reasons for our engagement with local authorities

Local authorities in their landlord role face many similar challenges to RSLs: the impact of Welfare Reform, developments in health and social care, and meeting the Energy Efficiency Standard for Social Housing. Local authorities have also come under increasing pressure to fulfil their statutory duties to assess the needs of people who approach them for help, and to find a home for people who are homeless. The factors that can lead to homelessness can be multiple and complex and the solutions can be equally complex, often involving a range of providers and resources from across and beyond each single local authority.



**Note:** We will engage with some local authorities for more than one reason.

## On-going monitoring

This year we will regularly monitor and review the performance of 16 local authorities across a range of housing service areas where we identified areas of weaker performance in how the local authority is delivering those services to tenants. For some of these local authorities we will also monitor the performance of services delivered to homeless people and people threatened with homelessness.

## Performance in homelessness services

Performance in homeless services continues to be the main reason for our engagement with local authorities this year. We will engage with 20 local authorities on one or more of the following aspects of their homelessness service:

- access to services, advice and prevention;
- assessment: the decisions a local authority makes on homeless applications;
- outcomes for homeless people; and
- the use of temporary accommodation.

## Reviewing our regulatory engagement

Our annual risk assessment determines the engagement status of each landlord at the start of each financial year. However, in the course of the year, if circumstances change or where new information becomes available we will change the engagement status of the landlord as required. For RSLs, we may publish a new or revised regulation plan. For local authorities, we will discuss any new risks with the Local Area Network.

## Appendix 1

We will have medium engagement with the following RSLs:		
Abbeyfield Scotland	Abertay Housing Association	Albyn Housing Society
ANCHO	Angus Housing Association	Argyll Community Housing Association
Ark Housing Association	Blackwood Homes and Care	Berwickshire Housing Association
Bield Housing and Care	BT Skye and Lochalsh	Cairn Housing Association
Caledonia Housing Association	Calvay Housing Association	Cassiltoun Housing Association
Castle Rock Edinvar Housing Association	Cathcart and District Housing Association	Clyde Valley Housing Association
Craigdale Housing Association	Cube Housing Association	Cunninghame Housing Association
Dunedin Canmore Housing Association	Dumfries and Galloway Housing Partnership	Fairfield Housing Co-operative
Fife Housing Association	Forgewood Housing Co-operative	Garrion Peoples Housing Cooperative
Glasgow Housing Association	Grampian Housing Association	Hanover (Scotland) Housing Association
Hebridean Housing Partnership	Hillcrest Housing Association	Home in Scotland
Hunters Hall Housing Co-operative	Key Housing Association	Kingdom Housing Association
Langstane Housing Association	Link Group	Linthouse Housing Association
Lochaber Housing Association	Loreburn Housing Association	Maryhill Housing Association
Milnbank Housing Association	Molendinar Park Housing Association	North Glasgow Housing Association
Queens Cross Housing	River Clyde Homes	Sanctuary (Scotland) Housing Association
Scottish Borders Housing Association	Strathclyde (Camphill) Housing Society	Thistle Housing Association
Viewpoint Housing Association	Wellhouse Housing Association	West of Scotland Housing Association
Whiteinch and Scotstoun Housing Association	Yoker Housing Association	

## Appendix 2

### We will monitor and review the performance of the following local authorities:

Aberdeen City Council	Angus Council	City of Edinburgh Council
Dundee City Council	East Ayrshire Council	East Lothian Council
East Renfrewshire Council	Falkirk Council	Fife Council
Inverclyde Council	Midlothian Council	Perth and Kinross Council
Scottish Borders Council	South Lanarkshire Council	Stirling Council
West Lothian Council		



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