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OUR REGULATION OF SOCIAL HOUSING IN SCOTLAND

A blog by George Walker, Chair

As you know, we've been having an important discussion with our stakeholders on the future of social housing regulation in Scotland. Since January we've held a series of roundtable events and we've had written submissions from over ninety individuals and organisations. The discussion has been really engaging and constructive, and has given us so much to think about. So thank you to everyone who has taken part.

There are a number of areas that we want to develop further by speaking with you, our stakeholders, over the summer.

We proposed a regulatory framework centred on landlord self-assurance. Almost all of our stakeholders support this and have told us that the introduction of Annual Assurance Statements is a good idea. Through these Annual Assurance Statement each landlord would confirm that it meets the Regulatory Standards and requirements, or set out what it is doing to address any areas of non-compliance. The Statements would be approved by each Registered Social Landlord's governing body or the appropriate Committee of the local authority. We would use the Statements in our risk assessment of all landlords.

Through our discussions, we heard questions about how this will work in practice, how detailed the Statements should be, and how landlords should get the necessary assurance to support their Statements. Some asked that we produce a template for the Statement, while others want clear guidance on what the Statement should give assurance on. For us, the Statement would be an end point in each landlord's own self-assessment and assurance processes,

with landlords assuring first themselves, then their tenants, and last the regulator. So in reality, this approach would be about governing body members and committee members getting the assurance they need. We believe that the Statement should be short and simple, and supported by good evidence. We don't propose that we'd routinely collect the supporting evidence from landlords, although of course we may look at it if we are engaging with a landlord. We do need to be clear on our expectations for the Statement and the processes to support it, so we will keep speaking to stakeholders over the coming months to help us develop this to meet your needs. We'll also be considering proposed changes to Regulatory Standards, for example to reflect feedback around Board skills, development and succession planning.

There is overwhelming support for internal audit to be mandatory for all Registered Social Landlords (RSLs). We had also raised the possibility of mandatory audit committees. It is good practice to have an audit committee and to have at least one member with recent and relevant financial experience. Audit committees can support an effective internal assurance framework, and we believe that all RSLs should work towards this. However, in recognising the diversity of RSLs, we don't plan to make audit committees a regulatory requirement at this time. The governing body of each RSL must assure itself on how it manages and supports effective internal audit in the organisation.

Many of those we talked with stressed the importance of us stating clearly our view of each landlord. This was a recurrent theme. At the moment, as you'll know, we state the engagement level we have with each landlord rather than our regulatory judgement about them. Some who responded told us that clarity on the regulator's view will be critical to support a new regulatory framework that aims to build a culture of assurance and openness. Having considered this, we believe it is right that we should make our regulatory view of each landlord readily available to all. It is likely that we'll focus this around our judgement on each landlord's compliance with Regulatory Standards and regulatory requirements. As a Regulator we know it's important that we are as transparent as possible. We will develop our thinking on how we do that, and we'll keep talking to landlord representatives and others over the summer to help us develop an approach.

Many of our stakeholders stressed the importance of us continuing to promote a strong tenant voice and to support tenants with accessible and useful information about their landlord. Tenants in particular have told us that information on rent affordability and landlord costs is increasingly important to them. We are looking at how we can get good information in useful formats to as many people that want it. Alongside exploring how technology can better help us to do this, we'll be talking to tenants and others who use services

provided by social landlords about how they want to get and use information. We'll also be talking to landlords about the data we collect on their performance against the Scottish Social Housing Charter, to make sure the indicators are as meaningful as possible. Where possible we would like to reduce the volume of data we collect.

We'll use all of these conversations to help us construct a new regulatory framework. We'll then consult on that new framework in the autumn.

George Walker
Chair



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