



Scottish Housing
Regulator

Self-assessing against Regulatory Standards

A thematic inquiry

August 2017

About us

We are the independent regulator of social landlords in Scotland.

We safeguard and promote the interests of:



We regulate:



Our role is to monitor, assess and report on social landlords' performance of housing activities and RSLs' financial well-being and standards of governance. We intervene, where we need to, to protect the interests of tenants and service users.

Our **Regulatory Framework** explains how we regulate social landlords. It is available on our website www.scottishhousingregulator.gov.uk

About this thematic inquiry

This report is the outcome of our inquiry on how, and to what extent, Registered Social Landlords (RSLs) self-assess against Regulatory Standards.

Why self-assessment is important

RSLs that meet Regulatory Standards are well-governed and well-managed. When we intervene in an RSL because it is not meeting Regulatory Standards we almost always find that it is poorly governed.

So, it is important for each RSL to understand how it performs against the Standards and where it can improve.

A well-governed RSL that achieves Regulatory Standards will:

- deliver good tenant and customer outcomes;
- have effective leadership;
- manage and mitigate risk sensibly;
- manage its resources to ensure its financial health;
- be open and accountable; and
- maintain high ethical standards.

We aimed to



establish how many landlords have undertaken a self-assessment against Regulatory Standards since 2012



highlight examples of positive practice



set out principles for landlords on self-assessing against Regulatory Standards

What we did



surveyed all RSLs



reviewed the self-assessments of 25 of the RSLs that told us they had undertaken one



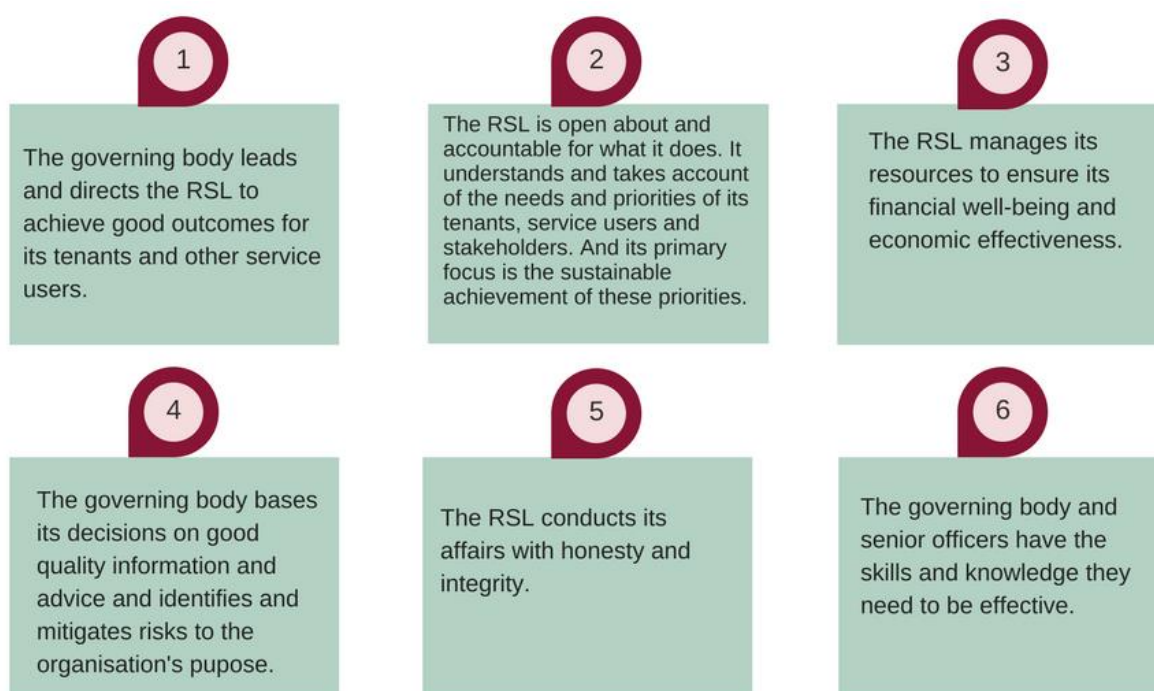
identified positive practice from the sample of self-assessments and from our wider engagements with RSLs

Self-assessing against Regulatory Standards

Main messages

- Landlords that self-assessed against Regulatory Standards told us this helped them to improve their governance.
- Many landlords have policies and practices that should help them meet Regulatory Standards, but few regularly and comprehensively assess themselves against Regulatory Standards.
- Landlords should self-assess against Regulatory Standards using the principles for effective self-assessment.

The Regulatory Standards of Governance and Financial Management



The Regulatory Framework requires

“ RSLs to assess their governance structures and arrangements against the Standards and identify and take any actions needed to comply with the Standards. RSLs should continue to assess compliance with the Standards and guidance and report its performance to its tenants. ”

What we found



*Told us they are aware of Regulatory Standards and of the requirements to assess their organisations' achievement of them.**

*All RSLs completed a survey. We received 152 responses which is fewer than the number of RSLs that we regulate due to group structures.



*Told us they had done one or more self-assessments since 2012.**

*Most had not assessed the effectiveness of their whole governance framework or compliance with standards.

Many of these landlords told us this included...

- on-going assessment of tenant satisfaction surveys
- governing body members' appraisals
- business planning & risk management assessment.



Told us they had not self-assessed against the standards.

Many of these landlords said...

- assessing compliance with the Standards was integral to their day-to-day activities & performance and featured in their policies & plans
- they also viewed internal audit of governance and financial management as an alternative arrangement to self-assessment.

Of the 121 landlords that did an assessment...

50
self-assessed.



71
used an external consultant.



All 121

Landlords found it a positive experience & key in improving governance & financial management.



147
Landlords said they would do a self assessment in the future.

Of the 25 self assessments we reviewed, less than half were consistent with the principles we now set out later in this report.

What RSLs should do

- Regularly assess achievement of Regulatory Standards, using the principles for effective self-assessment.
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What we will do

- Use the principles for effective self-assessment when we engage with RSLs about their achievement of Regulatory Standards.
- Survey all RSLs again in 2018 to identify how many have self-assessed against Regulatory Standards.
- Consider what our findings mean for how we regulate as we develop proposals for our new Regulatory Framework during 2017 and 2018.
- Use the findings from this inquiry to inform our regulatory activity and engagement, particularly our annual risk assessment of RSLs.

Principles for effective self-assessment against Regulatory Standards

Regular

Regularly assess your achievement of Regulatory Standards, doing so at least once every three years.

Comprehensive

Self-assess your performance against all of the Regulatory Standards, reviewing all aspects of your governance framework.

Inclusive

Seek views and evidence for the self-assessment from governing body members, relevant staff and, where appropriate, other stakeholders including tenants.

Base on evidence

Base your assessments, conclusions and improvement actions on clear evidence.

Objective

Rigorously challenge the assessment of your performance, with independent assurance where necessary. Consider the role of external and internal audit in your self-assessment.

Focus on improvement

Identify clear actions to improve your achievement of the Standards, and regularly monitor your implementation of those actions.

Report the outcomes

Report the outcome of the self-assessment to your governing body and to your tenants.

The principles for effective self-assessment are based on positive practice we found in our review of landlords' self-assessments and in our regulatory engagements.

Positive practice

Grampian Housing Association set a clear purpose for its self-assessment to ensure the business was well-equipped to meet external challenges – such as welfare reform – and to ensure it met regulatory requirements on governance and financial management.

Ferguslie Park Housing Association undertook a thorough, evidence-based self-assessment following our regulatory intervention to address serious weaknesses in its governance and financial management. It assessed the association's level of compliance with Regulatory Standards of Governance and Financial Management. The resulting report and action/improvement plan is now the basis of Ferguslie Park's work to restore its compliance with Regulatory Standards.

Kingdom Housing Association combined its self-assessment with its annual assessment of governing body member skills. This allows Kingdom to develop a training programme which both improves the individual skills and knowledge of governing body members, and helps to address any gaps in compliance with the Standards that may need developed.

Easthall Park Housing Co-operative carried out a baseline self-assessment when the Regulatory Standards were introduced in 2012. This has allowed it to review year-on-year if its improvement actions have helped it meet the standards. It also allows Easthall Park to review the improvements it has made since the introduction of the Regulatory Standards.

Gardeen Housing Association's self-assessment was undertaken by an external consultant and included:

- a desk-top review of its governance documentation;
- a survey of the management committee and senior staff;
- observation of a committee meeting to gain an impression of the committee 'at work';
- meeting with a group of management committee members and two further discussions with individual members; and
- discussion with the senior officer.





Wellhouse Housing Association carried out a review of the six Regulatory Standards and the supplementary guidance. It tested compliance against each Standard using one-to-one interviews with all governing body members and all staff, and by their completion of a scored self-assessment questionnaire. It further tested 'governance in action' by reviewing policies and procedures and testing practice.

River Clyde Homes plans to involve its Customer Senate as part of the self-assessment process in the near future to enhance the overall quality of the assessment. It aims to identify areas it may require to improve from a customer perspective. This will be particularly helpful to it in assessing compliance with Standard 2.

Glen Oaks Housing Association's self-assessment included an action plan to implement and monitor recommendations. It assigns each recommendation to the relevant Standard, gives each an owner and an anticipated completion date. It also prioritises the recommendations.

Ferguslie Park Housing Association's governing body receives comprehensive monthly updates on progress with the improvement plan that it produced following its self-assessment. These identify any areas of slippage in the programme, reasons for this, and any mitigating actions. The governing body also discusses the improvements already implemented and adjusts the improvement plan as required.

Grampian Housing Association's independent self-assessment included a thorough review of its full range of internal documents, including governing body minutes over the last 12 months, strategic, corporate and business plans, internal control/risk management documents, governing body member contracts and codes of conduct and succession plans. The self-assessment also included observation of a governing body meeting by the external consultant who undertook the work.

Kingsridge Cleddans Housing Association developed an action plan in response to the findings from its governance and financial management self-assessment. The action plan sets out action points, outcomes, responsibility for action and timescales. It is monitored by the management committee. It has made performance and outcomes relating to the self-assessment an integral component of the senior officer's objectives and it reviews these as part of its performance appraisal framework.

Terms we use in this report

Governance	The arrangements for the leadership, strategic direction and control of an RSL.
Governing Body	The management committee or board of management of an RSL.
Inquiry	The Housing (Scotland) Act 2010 gives the Scottish Housing Regulator powers to obtain information and carry out inquiries. An inquiry can be used to get assurance about an issue, assess an issue or concern with a landlord, or scrutinise or investigate a landlord's performance. A thematic inquiry focuses on a particular theme or topic across a number of landlords.
Registered Social Landlord (RSL)	A housing association/cooperative/partnership providing or managing social rented housing that is registered and regulated by the Scottish Housing Regulator (SHR).
Regulatory Framework	Outlines how we will meet our statutory objective to safeguard and promote the interests of current and future tenants, homeless people and other people who use services provided by social landlords.
SHR's Regulatory Standards of Governance and Financial Management	All RSLs must comply with these standards and guidance and, by doing so, demonstrate effective governance and sound financial management and deliver good outcomes for tenants.
Scottish Social Housing Charter	The Scottish Government's outcomes that social landlords should be achieving for their tenants, homeless people and other service users.
Social Landlords	RSLs and local authorities who provide housing services.
Stakeholder	Any person or organisation using a landlord's service, affected by the landlord's actions or having an interest in the landlord's activities – an interested party.
Tenant and Other Service Users	Tenants are those that currently live in a home owned and managed by a social landlord. Other service users are those that are not tenants but use services provided by social landlords such as Gypsy/Travellers, homeless people and homeowners who receive factoring services.

