



THE SCOTTISH HOUSING REGULATOR

Corporate Plan 2011-12
June 2011

Contents

Page

Chief Executive's Foreword	2
1. Introduction	4
2. Who we are	4
3. Our purpose, values and ways of working	4
4. Our strategic operating context	6
5. How we will support the work of the new Regulator	7
6. What we do and our focus	8
7. Our seven strategic objectives	9
8. Measuring our performance and impact	12
9. Our people and resources	13
10. Conclusion	14
Appendix 1: Our contribution to the Scottish Government's Purpose	15
Appendix 2: Our contribution to National Outcomes	17

Chief Executive's Foreword

I am pleased to introduce our third and final corporate plan as an executive agency.

Over the last year we have continued to deliver an expert and responsive regulation service, protecting the interests of tenants and other service users through our risk based approach. Social landlords still face a difficult operating environment, and so we have continued to strengthen our focus on the sector's financial health and the quality of business planning and governance in registered social landlords (RSLs). In our publication 'Beyond the Crunch?' we give our analysis of RSL finances and emerging risks. In local authorities we have worked closely with other scrutiny bodies to develop and deliver the shared risk assessment process.

In the coming year we will continue to focus on the things that matter most to tenants and those things that help deliver for tenants, such as landlords' good governance and financial management and effective strategic management of housing assets. And social landlords' delivery of the Scottish Government's 2012 homeless target and 2015 target for the achievement of the Scottish Housing Quality Standard will continue to be important in our regulatory activity.

And we will continue to involve tenants in our work. We will do this through directly engaging with tenants and their representative groups, and by working with our tenant assessors and our Tenants' Regulation Advisory Group.

In December 2010 the Housing (Scotland) Act 2010 received Royal Assent to establish the housing regulator in statute and as a corporate body independent of Ministers. The new Regulator was established on 1 April 2011 and comprises five Board members. During its first year, the Regulator's Board will consult social landlords, tenants, other service users and other stakeholders on a new regulatory framework.

As the existing Scottish Housing Regulator agency we will support the new Regulator in its work over the next year. We will continue to deliver high quality regulation based on our principles of risk and proportionality, and using powers under the Housing (Scotland) Act 2001, until the new Regulator is ready to exercise its 2010 Act functions. We will work with the Regulator's Board to ensure that the organisation is fit for its new purpose and status, and ready to exercise a more flexible range of statutory powers from April 2012 onwards.

This means that 2011/12 will be another transitional year for us, bringing both new challenges and significant opportunities. I look forward to working with the Regulator's Board over the coming months, as we prepare for a new era of social housing regulation in Scotland.

I also look forward to another successful year delivering regulation of social housing working with our Executive Management Team, staff and tenant assessors and our Non-Executive Board members, Alex Condie, Mairi Keddie and Ray Macfarlane.

Michael Cameron

Chief Executive

June 2011

1. Introduction

1.1 This plan sets out our purpose as a regulator, the strategic context in which we will operate, and our objectives for the next year. It also describes some of the indicators we will use to measure whether we have met our objectives, the sort of values that will guide our work, and the staff and resources we have to deliver our objectives. Throughout the plan, we will highlight the work that we will be doing to support the new Regulator over its first transitional year, as it prepares to take on the new duties and powers set out in the Housing (Scotland) Act 2010.

2. Who we are

2.1 The Scottish Housing Regulator operates the regulation and inspection powers in the Housing (Scotland) Act 2001. We exercise these powers on behalf of Scottish Ministers. Our ability to use these powers is set out in a Framework Document and Ministerial Code of Practice. You can find both of these on our website at www.scottishhousingregulator.gov.uk.

2.2 We came into operation on 1 April 2008 as an arm's-length executive agency of the Scottish Government. This means we have operational independence while being accountable to Scottish Ministers, and through them, to the Scottish Parliament. The next year will be our fourth as a separate, specialist regulation agency. We also have a long established, and successful, track record of regulating for many years in our different predecessor organisations.

2.3 Our Regulation Board assists our Chief Executive to manage and direct the organisation. It is made up of our Chief Executive, our four executive managers and three non-executive board members (NEBMs). Our NEBMs bring an independent, external perspective to the work of the agency. Our current NEBMs are:

- Alex Condie MBE;
- Mairi Keddie; and
- Ray Macfarlane.

3. Our purpose, values and ways of working

3.1 Our overall purpose is to regulate registered social landlords and local authorities to:

- protect the interests of current and future tenants, and other service users;
- ensure the continuing provision of good quality social housing in terms of decent homes, good services, value for money and financial viability; and
- maintain the confidence of funders.

- 3.2 In fulfilling our purpose as a regulator we play our part in creating a more successful country, with opportunities for all of Scotland to flourish through increasing sustainable economic growth. We have set out the connection between our role as a regulator and the Government's Purpose Targets in Appendix 1. Similarly, in pursuing our purpose we contribute to the achievement of the Government's desired National Outcomes through our regulatory expectations and activities. We have mapped this contribution in Appendix 2. Our business plan and activities will focus on achieving continuous improvement, value for money in our operations, staff development and securing better outcomes for the people of Scotland.
- 3.3 We uphold the civil service values and the principles of good regulation (accountability, consistency, proportionality, targeting, transparency, independence and user focus). And these are the statements that we believe summarise the core values that guide our behaviour and ways of working:
- We focus on the things that matter to the lives of tenants and service users, and we really make a difference.
 - We deliver what we have promised and meet our objectives.
 - We believe in the prudent use of power and information, and we are responsive to our stakeholders.
 - We are evidence-based and impartial.
 - We are fair and reasonable in the judgements we exercise.
 - We are firm when we need to be.
 - We are experts in our field and understand the environment regulated bodies are working in.
 - We take shared responsibility for our decisions and for making things work effectively.
 - We are a considerate employer.
- 3.4 We will always maintain our independence and political neutrality, while working closely with a range of partners in delivering our objectives – Scottish Ministers and the wider Scottish Government; tenant and consumer groups; private and public funders; other external scrutiny bodies; regulated organisations and their representative organisations; local government; interest groups with a legitimate stake in our work; and improvement agencies. We will work with our Tenants' Regulation Advisory Group to make sure tenants and other stakeholders are able to inform and influence us in shaping our regulatory approach.

3.5 We will use our rich information base and analytical strengths to be aware of risk, and deal with it quickly and effectively.

4. Our Strategic Operating Context

4.1 Over the next year, these are the key factors that will influence the environment within which we will operate and the way we will achieve our objectives:

As a regulator:

- a) The Housing (Scotland) Act 2010 received Royal Assent in December 2010 and the new Regulator was established on 1 April 2011, with the appointment of its Board and commencement of the powers to consult on its future functions. The legislation places the new Regulator on a statutory footing, independent from Scottish Ministers. It also gives the Regulator a more flexible range of powers, some of which are new. These powers will be commenced from April 2012, once the Regulator's Board has consulted the sector on its future regulatory framework. Over the period of this plan we will work closely with the new Regulator as it develops its new policy direction, to ensure that staff are ready to deliver the important changes required by the Act from 2012:
 - For the first time, regulation will be based on a clear statutory purpose to safeguard and promote the interests of tenants, homeless people and other service users – this will inform everything the new Regulator does.
 - A Charter describing what landlords should be achieving will provide the framework for the Regulator's assessment of landlords' performance in service delivery.
- b) The Scottish Government's wider expectations of all public service scrutiny bodies will influence and shape the way we conduct our business.
- c) As a public body we will respond positively to the requirement to pursue best value, be open and accountable about our costs and impact, and strive for continuous improvement.
- d) Like all publicly funded bodies, we will respond responsibly to the pressures on public spending.
- e) We will continue to work with providers of private finance to provide assurances about investing in the sector.

For the sector we regulate:

- a) The Housing (Scotland) Act 2010 will give the Regulator a broader set of intervention powers from 2012. Over the next year, we will support the Regulator to consult on its new regulatory framework.
- b) The Government will begin formal consultation on its proposed Scottish Social Housing Charter.
- c) In February 2011 the Government published 'Homes Fit for the 21st Century', which sets out its strategy and action plan for housing in the next decade, including its approach to funding new house building.
- d) Preventing and alleviating homelessness is a priority for the Scottish Government. It has set a challenging target for local government by requiring that all unintentionally homeless people have access to settled accommodation by 2012.
- e) Scottish Ministers have set 2015 as the target for local authorities and RSLs to achieve the Scottish Housing Quality Standard. The Climate Change Act may also introduce additional energy efficiency standards in the future.
- f) Scrutiny bodies are continuing to work together to streamline scrutiny of local authorities through shared risk assessments.
- g) Public spending remains constrained.
- h) The general economic outlook remains uncertain.

5. How we will support the work of the new Regulator

5.1 During the period of this corporate plan we will work with the Board of the new Regulator as it consults on its future regulatory framework and prepares to take on its full corporate and regulatory functions from April 2012. The transitional arrangements for this year are set out in a Memorandum of Understanding between the Regulator and Scottish Ministers, available on the Regulator's [website](#). This explains that the agency will provide resources – including staff time – to the Regulator to support it in this work. Once the Regulator is ready to commence its new regulatory duties and powers, staff from the agency will become staff of the Regulator. This work is of strategic importance to the agency and so we have reflected it in our corporate objectives in section seven.

5.2 We have three main objectives for this transition process:

- manage the transfer of regulatory activities to the new Regulator, working with the Board of the Regulator to ensure the organisation is fit for its new purpose and status as a non-ministerial department, directly accountable to the Scottish Parliament, and that staff are fully engaged in this process;

- work with the Board to ensure that the new Regulator is fully prepared for commencement of its new statutory duties and powers; and
- as an agency, continue to regulate effectively through the period of change.

6. What we do and our focus

6.1 To achieve our purpose we undertake these core activities:

- ***Risk assessment and regulation strategies:*** We prioritise our regulatory activities with RSLs based on our regulatory assessment and published Regulation Plans. The Plans establish effective and proportionate strategies with individual RSLs to fulfil our regulatory purpose. We determine our regulatory activities with local authorities through annual shared risk assessments with other scrutiny bodies, coordinated by Audit Scotland.
- ***Financial scrutiny:*** We assess the financial viability of RSLs. Every year we carry out a financial assessment of individual RSLs and track past performance and their projected position. We have enhanced our analytical capacity and financial focus in relation to individual organisations and to the sector as a whole. We are strengthening our financial scrutiny framework to ensure that we are identifying major risks and reflecting these in the Regulation Plans that we publish and act upon.
- ***Inspection:*** We embed our risk based and proportionate approach to scrutiny in all our inspection activities. When we use our inspection powers we involve tenant assessors and publish the results in public reports. We safeguard the interests of service users by selecting the most appropriate form of scrutiny, depending on the assessed risk. We participate in the joint scrutiny arrangements for local authorities and base our regulatory activities on annual shared risk assessments. We use a range of regulatory tools in addition to inspection to drive improvement.
- ***Regulatory support and intervention:*** We have case work teams that ensure that RSLs comply with our regulatory expectations and who grant consents for disposals of land and property, rule changes and transfers between landlords. We deal with serious concerns about regulated bodies. We also take enforcement action or targeted and proportionate intervention where voluntary improvement measures by the service provider have failed and we need to intervene to protect the interests of tenants.

- **Monitoring performance and publishing information:** We collect and publish benchmarked information about the performance of individual landlords and the sector as a whole. We monitor landlords' progress in meeting the Scottish Housing Quality Standard by 2015. We use the information we collect to direct our regulatory attention, and we publish it to enable landlords to improve by benchmarking with others. More accessible information also helps tenants and other stakeholders to see performance levels for themselves, and to hold their landlords to account and seek improvement. We aim to be a centre of excellence in the way we collect, validate, analyse and publish information.

7. Our seven strategic objectives

7.1 In this year we will maintain the six strategic objectives set out in our 2010–11 Corporate Plan, to guide our regulatory activities and resources. We set out the main activities we will undertake to deliver these objectives. We have also introduced a new, seventh objective to reflect the important work that we will be doing to support the work of the new Regulator.

Objective 1

To hold regulated bodies to account for securing better service outcomes.

- a) We will conduct regulatory assessments of RSLs and, if we need further assurance, we will set out our requirements and proposed regulatory activities in proportionate regulation plans.
- b) We will participate in annual shared risk assessments of all local authorities with other scrutiny bodies, to determine proportionate regulatory activity. This may include inspections and joint work with other scrutiny bodies.
- c) We may conduct risk based proportionate inspections of RSLs as part of our regulatory activities.
- d) We will provide assurance that regulated bodies respond effectively to our recommendations, intervening where necessary to protect the interests of tenants, other service users or tax payers.
- e) We will assess the improvements made by the organisations we are engaging with to ensure they are delivering and take action where they have not.
- f) We will promote self evaluation with tenant involvement in our approach to regulation and inspection.

- g) We will collect the right level and sort of information, while providing assurance about its quality and reliability. We will also encourage regulated bodies to use performance information to improve efficiency and quality of service.
- h) We will collect relevant information, and consider equalities in our regulatory activities.

Objective 2

To provide assurance about the financial viability of RSLs and challenge all social landlords to deliver better asset management and value for money.

- a) We will conduct an annual financial assessment of each RSL, as part of our regulatory assessments and, if we need further assurance about an RSL's financial affairs, we will set out our requirements in a regulation plan.
- b) When we inspect a landlord we will deliver clear judgements about the arrangements it has in place to secure robust asset management and value for money, working closely with Audit Scotland where appropriate.
- c) We will monitor landlords' progress in delivering the Scottish Housing Quality Standard.
- d) We will play our part in ensuring that private lenders remain confident about the credit-worthiness of the RSL sector and the robustness of our regulatory approach.
- e) We will continue to strengthen our scrutiny framework for assessing the financial viability of RSLs.
- f) We will provide assurances to lenders about RSL finances.
- g) We will continue to monitor changes in the wider environment, identifying and responding to emerging risks and challenges for the sector.

Objective 3

To secure good governance and accountability.

- a) We will promote compliance with the Code of Governance for RSLs.
- b) We will examine governance in our regulatory assessments of RSLs and gain further assurance where there are possible risks to tenants, public funds or lender confidence.
- c) We will increase RSL governing body members' awareness of their responsibilities through our regulatory engagement, guidance and inspections.
- d) We will use our statutory powers to intervene in the governance of RSLs where we need to protect the interests of tenants.

Objective 4

To engage tenants and other service users in our work.

- a) When we publish reports on the quality of housing and homelessness services we will reflect the experiences of people using those services.
- b) We will support our Tenants' Regulation Advisory Group to play an active role in our work and will consult it regularly about the way we regulate.
- c) We will continue to develop the role of our Tenant Assessors to ensure that they can fully participate in our regulatory activity.

Objective 5

To inform, and respond to, the Scottish Government's policy and investment priorities.

- a) We will provide an expert, independent and evidence-based view on social housing and homelessness matters.
- b) We will inform public funders about RSLs that are not suitable recipients of public funds because of our concerns about their performance or financial profile.
- c) We will maintain effective working relationships with other scrutiny bodies, share information and contribute to a co-ordinated approach to scrutiny in Scotland.

Objective 6

To be a responsive and best value organisation

- a) We will operate in a way that demonstrates our commitment to the principles of good regulation.
- b) We will have robust systems in place that ensure we use our resources efficiently and effectively, and maintain a culture of performance.
- c) We will engage effectively with key stakeholders.
- d) We will invest in the development of our staff, to deliver excellent performance and ensure that they have the skills and training they will need to exercise the new Regulator's functions from 2012.

Objective 7

To support the new Regulator to carry out its activities during this transitional year

- a) We will assist the Regulator's Board to develop and consult on its new regulatory framework.
- b) We will support the Board to develop its governance arrangements and prepare for taking on full corporate functions from April 2012.
- c) We will work with the Board to develop its stakeholder engagement and communication strategies.

- d) We will provide advice and support to the Board as it develops its response to the Scottish Government's Charter consultation and the Regulator's future approach to Charter assessment and monitoring.
- e) We will develop business and IT systems which are fit for the Regulator's future purpose and activities.

7.2 Our strategic objectives are closely interrelated. We aim to use the combined activities of inspection, financial scrutiny, public reporting, regulatory assessment, information and analysis, stock quality monitoring and direct intervention, where appropriate, to achieve our purpose and strategic objectives. An important element of our work during this year will be to balance our ongoing regulatory activities with our work to support the new Regulator.

8. Measuring our performance

8.1 We will report against our strategic objectives in our annual report. We will use the indicators below and further information to measure our broader impact on the organisations and sector we regulate and on outcomes for tenants and service users.

We will provide assurance by:

- publishing regulation plans issued for high and medium engagement organisations;
- writing to low engagement organisations;
- participating in local authority shared risk assessments and contributing to published assurance and improvement plans;
- publishing inspection reports;
- involving tenant assessors in our regulatory activities;
- publishing annual financial, performance and stock quality information; and
- visiting landlords to verify performance.

We will secure financial benefits for social landlords by:

- engaging with lenders to provide assurance that registered social landlords represent a good investment.
- engaging with RSLs where appropriate to improve business planning and financial management; and
- ensuring public investment is directed in an appropriate manner.

We will secure quality and effectiveness by:

- monitoring the outcome of landlords' improvement plans;
- using our intervention powers to secure improvement and protect the interests of tenants; and
- re-inspecting organisations to assess improvement.

8.2 We also set out here a range of operational performance indicators that we will track regularly and report against in our annual report. These will establish the efficiency of our internal processes:

- % of correspondence responded to within 8 working days
- % of complaints about regulated bodies responded to within 8 working days, or within an agreed revised timescale
- % complaints about the Scottish Housing Regulator agency completed within 8 working days, or within an agreed revised timescale
- % of consents processed within 8 working days
- % of freedom of information requests and data protection access requests met within the statutory timescales
- % of above-average benchmark indicators in the staff survey
- % of staff by gender, ethnicity and disability

9. Our people and resources

9.1 We are committed to using all our resources as effectively as possible, to achieve our objectives and maximise value for money. Our staff are our key resource. Their knowledge, expertise and professionalism enable us to deliver the high quality inspections, assessments and interventions that secure improvement. Over the last year we considered the type of shape that the organisation will need in future to respond to the priorities in the 2010 Act. We also started to identify new ways of working which will ensure that the Regulator is able to deliver its regulatory framework effectively with the available level of staffing and resources.

9.2 We will invest in our staff to support the kind of assessments we need to deliver. We will make sure we have training and development opportunities so that staff have the right skills to make authoritative judgements and communicate their assessments as clearly as possible to a range of audiences. Last year we carried out a review of staff skills, strengths and specialisms, and we are using this information to develop and deliver a learning and development strategy.

- 9.3 We are committed to promoting equal opportunities and respecting diversity within our workforce. And we will equip our staff to play their role in their day to day work in promoting equalities.
- 9.4 We have a total budget settlement of £4.21m for 2011/12. Compared to the funding we had available in 2010/11 (through our core budget and transitional resources) this is a reduction of 10%. Around 75% of our budget is for staff salary, pension and national insurance costs. We will make sure we match our resources to our priorities. We aim to strive for continuous improvement in our processes and use of resources. This will help us to respond to the tightened public funding position over the next few years.

10. Conclusion

- 10.1 This corporate plan sets a course for us over the agency's final year. This year will be an important one for us as we support the new Regulator to develop its future regulatory approach and manage the staff transition from the current executive agency to the new organisation. We aim to be as flexible as we can to respond effectively to potentially significant changes in housing, regulation and scrutiny policy, and funding. We are grateful to everyone who contributed to the development of this plan. We look forward to working with our stakeholders to implement it and to focusing our efforts where they can have the biggest impact for service users.

Our Contribution to the Scottish Government's Purpose

We will continue to contribute to the Scottish Government's overall purpose of focusing government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth. This appendix sets out the Government's Purpose Targets and the nature of our contribution. Some of our contributions will be stronger than others.

Growth

- *To match the GDP growth rate of the small independent EU countries by 2017.*
- *To raise Scotland's GDP growth rate to the UK level by 2011.*

We recognise the importance of a responsive social rented sector that enhances labour force mobility and we regulate to secure a financially sustainable sector that is able to contribute to growth through housebuilding and maintenance activity.

Productivity

- *To rank in the top quartile for productivity amongst our key trading partners in the OECD by 2017*

By increasingly shifting our regulatory focus into costs, efficiency and effectiveness, we will regulate to ensure regulated bodies focus on enhancing their productivity overall.

Participation

- *To maintain our position on labour market participation as the top performing country in the UK and close the gap with the top 5 OECD economies by 2017*

Our regulatory framework enables well managed and financially robust organisations to consider their wider contribution to regeneration and the employability of people in their local communities.

Population

- *To match average European (EU15) population growth over the period from 2007 to 2017, supported by increased healthy life expectancy in Scotland over this period*

We regulate to ensure the continuing supply of good quality social sector homes and services to help accommodate Scotland's ambitions for population growth and to make it a more attractive place to live and work.

Solidarity

- *To increase overall income and the proportion of income earned by the three lowest income deciles as a group by 2017*

We ensure that regulated bodies try to prevent people becoming homeless and this has a direct bearing on the ability of those with the lowest incomes to remain in work or to secure employment.

Cohesion

- *To narrow the gap in participation between Scotland's best and worst performing regions by 2017*

The bodies we regulate work in some of the most disadvantaged communities across Scotland. We regulate, amongst other things, to secure fair access to housing and good, affordable services, to prevent and alleviate homelessness and to improve the physical quality of housing. These activities will help to alleviate disadvantage.

Sustainability

- *To reduce emissions by 80 per cent by 2050*
- *To reduce emissions over the period to 2011*

We regulate to ensure all social landlords meet the Scottish Housing Quality Standard by 2015. This includes energy efficiency standards. The new houses provided by regulated bodies are built to exacting sustainability standards.

Our Contribution to National Outcomes

The Scottish Government has set out the National Outcomes it is seeking to achieve. In fulfilling our purpose as a regulator we contribute to these outcomes. This appendix tracks the relationship between the desired outcomes and our regulatory expectations, which are expressed in performance standards, guidance, activities and reports.

National Outcome	Regulatory Expectation
<p>We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others</p>	<ul style="list-style-type: none"> • Landlords are responsive to the changing needs of their tenants and communities. • Tenants have the opportunity to participate with their landlord and are consulted effectively. • People have fair access to social housing and are supported to sustain their tenancies. • Homelessness is prevented and alleviated. • Landlords uphold and enforce tenancy rights and responsibilities.
<p>We have improved the life chances for children, young people and families at risk</p>	<ul style="list-style-type: none"> • Homelessness authorities and social landlords work to secure settled accommodation for families and vulnerable young people. • Landlords provide the right kind of home environment for families and young people.
<p>We live our lives safe from crime, disorder and danger</p>	<ul style="list-style-type: none"> • Landlords resolve cases involving antisocial behaviour, complaints, harassment, neighbour nuisance. • Tenants feel safe and secure.
<p>We live longer, healthier lives</p>	<ul style="list-style-type: none"> • Physical quality standards are met. • Homelessness is prevented and alleviated.

<p>We live in well-designed, sustainable places where we are able to access the amenities and services we need</p>	<ul style="list-style-type: none"> • Tenants and other service users are satisfied with their neighbourhoods and services provided. • Financially robust and well managed landlords contribute to the supply of new housing. • Landlords meet the Scottish Housing Quality Standard.
<p>Our public services are high quality, continually improving, efficient and responsive to local peoples' needs</p>	<ul style="list-style-type: none"> • Housing and homelessness services are good quality, strive for continuous improvement, are more efficient, offer choice, and are responsive to their customers and the communities they serve. • People are satisfied with housing and homelessness services.
<p>We have tackled the significant inequalities in Scottish society</p>	<ul style="list-style-type: none"> • Regulated bodies fulfil their statutory duties and our regulatory requirements in respecting diversity and promoting equal opportunities. • Rents and charges for housing are affordable for current and prospective tenants.
<p>We value and enjoy our built and natural environment and protect it and enhance it for future generations</p>	<ul style="list-style-type: none"> • Landlords meet the Scottish Housing Quality Standard. • Landlords effectively manage and maintain their assets for the benefit of current and future tenants.



**The Scottish
Government**



HAPPY TO TRANSLATE