



THE SCOTTISH HOUSING REGULATOR

Corporate Plan 2008-10



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Contents

	Page
Foreword	2
1. Introduction	3
2. Our regulatory framework	3
3. Purpose	3
4. Our strategic operating context	4
5. Regulatory activities – what we do and our focus over the plan period	5
6. Our six strategic objectives	6
7. Measuring our performance and impact	10
8. Values and ways of working	11
9. People and resources	12
10. Conclusion	13
Appendix 1: Our contribution to the Scottish Government’s purpose	14
Appendix 2: Our contribution to National Outcomes	16

Foreword

I am delighted to introduce our first corporate plan as the Scottish Housing Regulator. It covers a two-year period until 2010 and has been agreed with Scottish Ministers.

One in four households rents their home from a social landlord. Our job is to make sure they get a fair deal from their landlord - good services and decent houses at affordable rents and charges. And we are interested in future tenants as well as current tenants, ensuring there is open access to housing, a continuing provision of good quality social housing and financially sustainable landlords. Equally, we make sure that people who are facing homelessness, who have bought their homes from a social landlord, or who live on Gypsy/Traveller sites, are dealt with properly and get the services they need.

This plan recognises the importance of private lending and public funding to many of the independent social landlords we regulate. We will maintain the confidence of funders through a robust regulatory approach and the importance we attach to good governance and management.

While this is a new agency, we have a long-established, and successful, track record of regulating housing providers within previous organisations. Working now as a separate, specialist, regulation agency gives us the opportunity to refocus our energies on regulating for the benefit of consumers. And it enables us to anticipate and support the objectives the Scottish Government is setting out for a modernised framework for housing regulation. Throughout this plan period we will be working hard to spend our time where it matters most and to bring about real improvement in people's lives through better homes and services.

Karen Watt

Chief Executive

September 2008

1. Introduction

This plan sets out our purpose as a regulator, the strategic context in which we will operate, and our objectives for the next two years. It also describes 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. We will develop a business plan each year to complement this corporate plan and guide our operational activities.

2. Our regulatory framework

Our powers as a regulator are set out in the Housing (Scotland) Act 2001. We exercise these powers on behalf of Scottish Ministers. Our ability to use these powers with complete operational independence, at arms length from Ministers and the bodies we regulate, 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.

3. Purpose

We regulate social housing and related services because:

- tenants and prospective tenants have limited choices and low bargaining power with their landlord. As a result, there are few pressures to improve efficiency and service quality;
- social housing has benefited from significant amounts of public subsidy and we need to safeguard the continuing benefits from that investment and public value, and make sure resources are being well managed now and for the future; and
- registered social landlords (RSLs) have secured large amounts of private sector lending on the basis of sound regulation.

Our overall purpose, therefore, 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.

In fulfilling our purpose as a regulator we can play our part in focusing public services on 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.

For clarity, it is not our role to act as an intermediary between service users and service providers. We do not step in on behalf of a service user who has a service-related complaint about their provider. Matters such as these need to be resolved between service user and provider or, where this fails, a complainant may take their case to the Scottish Public Service Ombudsman.

4. Our strategic operating context

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

Within the sector we regulate:

- a) One in four households rents a house from an RSL or local authority. Tenants want landlords to be more responsive to their needs and demands, and are often dissatisfied with the quality of local neighbourhoods. Landlords' costs are rising, and we still find variable service and physical quality. So, the service from social landlords will need to be more efficient, user-focused and sustainable, with greater transparency and accountability, and with greater attention to equal opportunities.
- b) The Scottish Government aims to maximise new housebuilding output from the available resources. Regulated bodies will face choices about the sort of business they wish to pursue and how they want to use their available resources, while pursuing efficiencies and remaining financially viable.
- c) 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 households have access to settled accommodation by 2012. Our experience to date shows that the quality of homelessness services across Scotland is often poor and that meeting the 2012 target will be challenging in some areas.
- d) Recent worldwide financial shocks may lead to a tighter and more nervous credit market, affecting the availability and cost of private finance for social housing and increasing lenders' expectations of regulatory control and intervention.

As a regulator:

- a) The Scottish Government set out, in the consultation paper Firm Foundations, its proposals to modernise the powers and duties of the regulator. This offers a huge opportunity over the period of this plan to make sure our framework is fit for purpose.
- 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.

5. Regulatory activities – what we do and our focus over the plan period

To achieve our purpose we undertake these core activities:

- ***Risk assessment and regulation strategies:*** We prioritise our regulatory activities with RSLs following assessments designed to decide what level and type of engagement we need to have with an organisation. Our assessments bring together a range of intelligence to profile an organisation in terms of its finances, stock quality, governance, and service quality. These assessments result in regulation plans that aim to establish effective and proportionate strategies with individual RSLs to fulfil our regulatory purpose. This is a relatively new way of working for us and will form a fundamental part of managing our regulatory relationship with the sector, as we move away from a routine cycle of inspections and as inspection begins to form only one possible response within a broader regulation strategy.
- ***Financial scrutiny:*** We assess the financial viability, capacity and efficiency of RSLs. Every year we carry out a financial 'health check' on individual RSLs and track past performance and their projected position. We will be enhancing our analytical capacity and financial focus in relation to individual organisations and to the sector as a whole. This is consistent with our desire to embrace more of the techniques of economic regulation (for example, in developing our comparative cost index and financial benchmarking), and to integrate better financial assessments into our inspections and regulation plans.
- ***Inspection:*** We inspect individual organisations, particular themes, or organisations within a particular local area. These inspections result in public reports. We award grades to summarise our inspection assessments of individual organisations. Our service inspections will continue to focus on outcomes for service users, with an increased emphasis on the quality of asset management, homelessness prevention, and value for money in the round.

- **Regulatory support and intervention:** We have case work teams that ensure that RSLs comply with the requirements of registration and grant consents for disposals of land and property, rule changes and transfers between landlords. They deal with serious complaints about regulated bodies. They 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. While we use the information we collect for our direct regulatory purposes (for example, feeding into our risk assessments), we also 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 apply pressure for improvement in other ways. We aim to be a centre of excellence in the way information is collected, analysed and published. And we will validate information to make sure it is reliable.

6. Our six strategic objectives

Over the next two years these six strategic objectives will guide our activities and resources. They pick up the direction of travel outlined in section 5 above and, against each strategic objective, set out the main activities we will undertake to deliver these objectives.

Objective 1

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

1. We will deliver a baseline inspection of every local authority in Scotland, with clear recommendations and an agreed improvement plan, where appropriate.
2. We will conduct RSL and thematic inspections in line with our guides to regulation and inspection, and our risk-based approach.
3. We will provide assurance that regulated bodies with improvement plans have responded effectively to our recommendations, intervening where necessary to protect the interests of tenants, other service users or tax payers.
4. We will re-inspect failing organisations to ensure they have delivered required improvements and to take action where they have not.

5. We will publish material to help regulated bodies carry out self assessments and we will further embed self-assessment in our approach to regulation and inspection.
6. We will conduct regulatory assessments of RSLs (reviewing governance, service and stock quality, and financial viability) and, if we need further assurance, we will set out our requirements in a proportionate regulation plan.
7. We will collect the right level and sort of information, encourage the improved use of performance information within regulated bodies, and provide assurance about the quality and reliability of the performance information we collect.
8. We will publish our regulatory expectations about the promotion of equal opportunities, collect relevant information, and include assessments about equalities in our service inspection reports.

Objective 2

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

1. We will conduct an annual financial health check of each RSL, integrate it into 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.
2. We will publish an annual analysis of the financial health of the RSL sector.
3. We will deliver clear judgements about the arrangements that landlords have in place to secure robust asset management and value for money, working closely with Audit Scotland where appropriate.
4. We will publish self-assessment material on asset management to help landlords sharpen their focus on this.
5. We will monitor landlords' progress in delivering the Scottish Housing Quality Standard.
6. We will develop a clearer understanding of cost drivers within the sector, and put in place appropriate regulatory strategies to ensure landlords are accountable for their costs, and are securing value for money in the round, within their individual organisations and the sector as a whole.
7. We will explore techniques used in economic regulation, and publish an annual index of comparative operating costs within the RSL sector to help benchmarking and to target cost outliers.
8. 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.

Objective 3

To secure good governance and accountability.

1. We will promote compliance with the Code of Governance for RSLs.
2. We will focus on the quality of governance and leadership in our inspections.
3. 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.
4. We will increase RSL governing body members' awareness of their responsibilities through our regulatory assessments, inspections and case work.
5. We will look for openness and accountability in the conduct of a regulated body's business and a better response to customers with complaints.
6. 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.

1. We will publish reports on the quality of housing and homelessness services that reflect the experiences of people using those services.
2. 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.
3. We will further develop the role of our tenant assessors, who play a vital role in service inspections.
4. We will explore how tenants and other service users can trigger concerns that may merit a regulatory response.
5. We will make our written material and website as accessible as possible.

Objective 5

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

1. We will provide an expert, independent and evidence-based view on housing and homelessness matters.
2. 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.

3. We will provide relevant information and analysis for the Scottish Government's review of grants and the procurement of new affordable housing supply.
4. We will contribute and respond effectively to the Scottish Government's reform of housing regulation and wider scrutiny frameworks.
5. We will establish effective working relationships with other scrutiny bodies, share information and contribute to a more co-ordinated approach to scrutiny in Scotland.

Objective 6

To be a responsive and best value organisation.

1. We will operate in a way that demonstrates our commitment to the principles of good regulation.
2. We will promote the principles of best value throughout the organisation, have robust systems in place that ensure we use our resources efficiently and effectively, and establish a culture of business performance management.
3. We will develop our corporate governance capabilities and arrangements to enable us to provide good leadership within the agency, and be responsive to change.
4. We will be open about the information we collect and use in our regulatory work, unless there is good reason for confidentiality, and we will set out a clear publication scheme.
5. We will engage effectively with key stakeholders and our Regulation Advisory Group.
6. We will invest in the development of our staff, to deliver excellent performance and to embed our risk-based approach to regulation.

Our six 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.

We recognise that RSLs are independent bodies and that local authorities are democratically elected. Both are responsible for their own performance and management. Our regulation framework means we have the ability to work across all social landlords to protect the interests of current and future tenants, while recognising different governance and finance arrangements.

7. Measuring our performance and impact

We will report what we have achieved against each strategic objective. And we will set out whether we have delivered the activities we have promised to undertake to meet each objective.

We are keen to monitor, and be held to account for, our broader impact on the organisations and sector we regulate and on outcomes for tenants and service users. It is sometimes difficult to directly attribute changes in regulated bodies and the sector to our activity and some impacts may take time to effect. The indicators we list below provide the starting point for discussions about our wider impact and whether we are achieving our overall purpose as a regulator:

Providing assurance

- completion of annual financial health checks on all RSLs
- number of regulatory assessments of RSLs undertaken (based on our risk-based approach) and the number of regulation plans issued
- number of published inspection reports
- number of inspections that involved tenant assessors
- publication of annual financial, performance and stock quality information
- number of visits that verify performance indicators

Securing financial benefits

- the margins RSLs achieve on private lending
- increased use of RSLs' own resources in building and improving affordable housing
- number of RSLs within acceptable cost benchmarks
- level of public investment directed to better performers

Securing quality and effectiveness

- number of agreed improvement plans and audits that confirm successful improvement activity
- use of intervention powers to secure improvement and protect the interests of tenants
- number and percentage of re-inspections that resulted in an improved grade.

We also set out here a range of operational performance indicators that we will track and report against, to establish the efficiency of our internal processes and satisfaction levels among key stakeholders:

- percentage of correspondence responded to within 8 days
- percentage of complaints about regulated bodies completed within 8 days, or within an agreed revised timescale
- percentage of consents processed within 8 days
- percentage of inspection reports issued within the target timescale, or within a revised timescale agreed with the inspected body
- percentage of inspected bodies satisfied with the inspection process
- percentage of inspector time spent on site and % on inspection overall
- percentage of financial reviews completed within four months of receiving statutory accounts and relevant returns
- cost of inspection activity per household renting from a regulated landlord
- percentage of freedom of information requests and data protection access requests met within the statutory timescales
- percentage of above-average benchmark indicators in the staff survey
- percentage of staff by gender, ethnicity and disability
- performance against budget and achievement of 2% efficiency savings

We will continue to refine these indicators over the course of the plan to make sure they are measurable and are the right ones against which to judge our success.

8. Values and ways of working

In addition to upholding the civil service values and the principles of good regulation (accountability, consistency, proportionality, targeting, transparency, independence and user focus), these are the statements that our staff believe summarise the core values that should 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 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 believe in the prudent use of power and information, and we are responsive to our stakeholders.
- We are fair and reasonable in the judgements we exercise.
- We are a considerate employer.
- We are tough when we need to be.
- We are evidence-based and impartial.
- We deliver what we have promised and meet our objectives.

While we will always maintain our independence and political neutrality, we will work 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 bodies and their representative organisations; local government; interest groups with a legitimate stake in our work; and improvement agencies. We will work with our regulation and tenants’ advisory groups to make sure tenants and other stakeholders are able to inform and influence us in shaping our policies and processes.

9. People and resources

We are committed to using all our resources as effectively as possible to achieve our objectives, and to maximising our value for money. Our staff are our key resource. Their knowledge, expertise and professionalism will enable us to deliver the high quality inspections, assessments and interventions that will secure improvement. We will build on the expertise we already have and will develop our knowledge and expertise in other areas – particularly around asset management, and assessing costs and efficiency in the sector.

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 to ensure that staff have the right skills to make authoritative judgements and communicate their assessments as clearly as possible to a range of audiences.

We are committed to promoting equal opportunities and respecting diversity within our own workforce. And we will equip our staff to play their role in their day to day work in promoting equalities.

We have a total budget settlement of £4.575m. Around 75 per cent of our budget is for staff salary, pension and national insurance costs. Future staffing requirements will, in part, depend on the impact of policy and structural changes and decisions about our statutory responsibilities. We will make sure we match our

resources to the priorities we have agreed with Scottish Ministers. We aim to achieve efficiencies in the way we deliver aspects of our regulation framework and will strive for continuous improvement in our processes and use of resources. Our budget has already built in a two per cent efficiency saving assumption each year.

10. Conclusion

This corporate plan sets a course for us over the next two years. 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.

Appendix 1

Our contribution to the Scottish Government's purpose

We 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 contributes 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 securing a financially robust sector we enable it to increase housing supply in a way that facilitates growth and increases productivity. By increasingly shifting our regulatory focus into costs, efficiency and effectiveness we will regulate to ensure regulated bodies enhance 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. We also assess rent levels to maintain affordability in the housing sector.

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.

Appendix 2

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
We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others	<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.
We have improved the life chances for children, young people and families at risk	<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.
We live our lives safe from crime, disorder and danger	<ul style="list-style-type: none"> • Landlords resolve cases involving antisocial behaviour, complaints, harassment, neighbour nuisance. • Tenants feel safe and secure.
We live longer, healthier lives	<ul style="list-style-type: none"> • Physical quality standards are met. • Homelessness is prevented and alleviated.

Appendix 2 (continued)

National Outcome	Regulatory Expectation
<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.

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