

**REPORT TO: COMMUNITIES COMMITTEE ON 7 JUNE 2012**

**SUBJECT: REGULATION OF SOCIAL HOUSING IN SCOTLAND**

**BY: CORPORATE DIRECTOR (ENVIRONMENTAL SERVICES)**

**1. REASON FOR REPORT**

- 1.1 This report informs the Committee of the new regulatory framework for social housing in Scotland. It highlights future actions to respond to this framework.
- 1.2 This report is submitted to Committee in terms of the Council's Administrative Scheme relating to the management of its housing stock.

**2. RECOMMENDATION**

**2.1 It is recommended that the Communities Committee:-**

- (i) **notes the requirements of the Regulatory Framework for social housing landlords; and**
- (ii) **agrees that further reports are presented on the development of arrangements to enable the Council to comply with the framework.**

**3. BACKGROUND**

- 3.1 The Housing (Scotland) Act 2001 established the principles of regulation within the housing sector. Since that date, the Council's housing services were subject to inspection in late 2008, with the inspection report being published in January 2009.
- 3.2 The Housing (Scotland) Act 2010 set out proposals for a new independent housing regulatory body directly accountable to the Scottish Parliament. This new body was established in April 2011. During 2011, it consulted on plans for a new regulatory framework for social housing in Scotland.
- 3.3 The Communities Committee considered a Council response to this consultation on 25 October 2011 (paragraph 13 of the Minute refers), with the Council's final response being agreed by the Chairman of the Communities Committee. The Council response broadly supported the proposed regulatory regime, making suggestions for change on minor points. The only area in which the Council response did not agree with proposals in the consultation paper was in relation to how the Regulator would enable tenants to raise significant concerns with the Regulator.
- 3.4 Details of the new regulatory regime were published by the Regulator in February 2012. This takes effect from April 2012. A copy of the Framework document has been placed in the Members' Library and is available from the Scottish Housing Regulator website [www.scottishhousingregulator.gov.uk](http://www.scottishhousingregulator.gov.uk)
- 3.5 This report provides a broad outline of the new regime and highlights actions that the Council will need to take to comply with the new framework.

#### **4. SUMMARY OF NEW REGULATORY FRAMEWORK**

- 4.1 The Framework sets out the purpose and regulatory principles that the Regulator will apply. It also sets out how it will involve tenants and work with other regulators, landlords and other interests. It sets out how it will regulate social landlords and how the Scottish Social Housing Charter will be monitored and assessed. The framework sets out the regulation of Registered Social Landlords (RSLs) and also includes reference to powers on inquiries and information and intervention which cover local authority landlords.
- 4.2 The framework proposed is set out as tenant-focused, intelligent and proportionate. The Regulator seeks to have a risk based and proportionate approach. The main risks identified are:-
- poor outcomes for tenants and other service users;
  - poor stock quality and investment failures;
  - poor financial performance and management (for RSLs only); and
  - poor governance (for RSLs only).

For Councils, the Regulator will work through the joint scrutiny framework and shared risk assessment agreed with other scrutiny bodies and the Council as part of the Assurance and Improvement Plan (AIP) process. The AIP is published on Audit Scotland's website annually.

- 4.3 The document sets out the approach to monitoring landlords' achievement of the Scottish Social Housing Charter through landlords' self assessment of performance. The Regulator expects that each landlord carries out a self assessment annually of its progress in meeting the standards set out in the Scottish Social Housing Charter. The Regulator does not prescribe the approach to self assessment but sets out some core requirements to be met in any process:-
- objective and evidence based
  - transparent
  - about the landlord's achievements, as well as areas for improvement.
- 4.4 The Regulator requires each landlord to prepare an Annual Return on the Charter (ARC) by the end of May each year. Landlords should agree the approach to reporting progress with their tenants. This should include an assessment of performance, relevant comparisons with previous years, other landlords and national performance, and how the landlord will address areas for improvement. Landlords should determine how they will involve homeless people, owners and Gypsies/Travellers who use sites provided and managed by Councils and RSLs in self assessment. The Regulator is required to issue guidance to social landlords on the extent to which they must seek to involve tenants and other service users. The Framework document indicates that the Regulator does not wish to be prescriptive about the form of tenant involvement in landlords' assessment and performance reporting but it does require landlords to:-
- have agreed their approach with tenants;

- ensure that it is effective and meaningful;
  - publicise the approach to tenants;
  - ensure that it can be verified.
- 4.5 The Regulator requires that the Annual Return on the Charter (ARC) will be provided by landlords by the end of May each year, with a report for each landlord being published on its website by the end of July/August. The landlords' report to tenants and others who use their services should be published by end of September annually. The Regulator will carry out visits to a number of social landlords to verify the information that has been provided in the ARC.
- 4.6 The Housing (Scotland) Act 2010 gives the Regulator powers to obtain information and carry out inquiries. For local authorities, this is primarily around the annual returns on the Scottish Social Housing Charter. The Regulator will use its inquiries powers to obtain additional information, to investigate matters of concern and to inspect and to hold landlords to account.
- 4.7 The Act also gives powers to the Regulator to arrange a survey of any social landlord's housing accommodation if it suspects that the standard to which it is being maintained means that the landlord may be failing to achieve an outcome in the Charter or other performance improvement targets.
- 4.8 The Framework also sets out the approach to inspection of social landlords, with two types of inspection – individual or thematic. The framework sets out how inspections will be assessed, using a six point scale from excellent to unsatisfactory.
- 4.9 The Framework sets out different intervention powers for local authorities and RSLs. For local authorities, the Regulator can require the submission of a performance improvement plan, serve an enforcement order or appoint a manager for housing activities to ensure that the social landlord provides housing services to an appropriate standard. The document sets out that the Regulator would not normally intervene if it is satisfied that the landlord is able and willing to address the identified concerns. Any intervention will consider the seriousness of the performance problem or failure and will seek to be a proportionate response.

## **5. ACTIONS TO BE PROGRESSED DURING 2012/13**

- 5.1 For 2012/13, Audit Scotland will continue its collection of statutory performance information. The first Annual Return on the Charter must be submitted in May 2014. Therefore, from April 2013, the Council will need to be in a position to collect key information on its performance in achieving the outcomes and standards in the Charter. The Regulator will be publishing separate guidance on the measures it will use to assess landlords' achievement in this respect. This may require some amendment to the current suite of performance information data maintained by the Service.

- 5.2 The Council will also have to develop its approach to self assessment and performance reporting expected in 2014. It is proposed that the Housing Sub Committee could play an important role in this work as it involves both elected members and tenant representatives. However, the work to develop this also needs to consider the role of other service users, such as homeless households.
- 5.3 In October 2011, the Communities Committee agreed that the Tenant Survey scheduled for 2011 would be deferred until 2012/13 to enable it to reflect the final Scottish Social Housing Charter outcomes and standards. This survey will be commissioned later in 2012, with the aim of it being complete by March 2013. The findings from this survey will assist in providing a useful base point for reporting performance to the Regulator in 2014 and beyond.
- 5.4 Further reports will therefore be presented to the Housing Sub Committee and Communities Committee on the above during 2012/13.

## **6. SUMMARY OF IMPLICATIONS**

### **(a) Single Outcome Agreement/ Service Improvement Plan**

The Housing and Property Service Plan identifies actions to prepare for the requirements of the regulatory framework for social housing landlords.

### **(b) Policy and Legal**

The Housing (Scotland) Act 2010 sets out the legislative basis for the regulatory framework.

### **(c) Financial Implications**

There are no financial implications arising directly from this report.

### **(d) Risk Implications**

There are no risk implications arising directly from this report. Failure to comply with the regulatory framework could result in future scrutiny action and intervention by the Regulator.

### **(e) Staffing Implications**

There are no staffing implications arising directly from this report.

### **(f) Property**

There are no Property requirements/implications arising from this report.

### **(g) Equalities**

There are no equalities issues arising directly from this report.

### **(h) Consultations**

Consultation on this report has been carried out with senior managers in the Housing and Property Service. Any comments are reflected in this report.

**7. CONCLUSION**

- 7.1 This report sets out the main requirements of the Regulatory Framework for Social Housing Landlords published by the Scottish Housing Regulator. It sets out preparatory work which will be undertaken to enable the Council to comply with the new requirements from April 2013.**

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Background Papers: Held by author  
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