



Scottish Housing
Regulator

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Scottish Housing Regulator

Sector Finances



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	17/18 £	18/19 £	% Change
Total Arrears	50,399,523	52,432,877	4.03
Voids	9,772,130	10,256,500	4.96



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RSL Borrowing 2019

Total Facilities c **£6bn**,
increase of **14%**

Amount Outstanding **£4.15bn**,
increase of **17%**

Tenant & Resident Safety



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We are engaging with a number of landlords who have been unable to demonstrate that they are meeting tenant and resident safety requirements such as the management of asbestos and electrical safety.

The governing bodies of these landlords did not get or seek appropriate assurance that their organisation was meeting its legal duties on tenant and resident safety.

Social landlords must ensure they meet all duties on tenant and resident safety

SHR Letter to RSLs, October 2019

Key Message

It's vital that all RSLs assure themselves that there is adequate provision in business plans to cover all of the future expenditure that will be required to keep tenants and residents safe.

Rent Affordability



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”More than a third have experienced difficulties affording their rent (37%). More than two thirds were concerned about the future affordability of their rent (69%). Concerns most commonly related to rent increases, although some also mentioned the impact of future benefit changes or other changes to their income.

A substantial proportion have also experienced difficulties with their finances as a whole. Nearly a third felt they are not managing well with their finances, and more than half had concerns about their future financial circumstances.”

National Panel of Tenants and Service Users 2018/19

	17/18 £	18/19 £	% Change
Gross Rent	1,208,056,888	1,265,363,368	4.74
Number of Houses	277,391	280,565	1.14
Average Rent	4,355	4,510	3.56

Statutory Interventions



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Interventions

- 12 Manager Appointments
- 55 Appointments to Governing Bodies

Interventions

“In all 11 cases, we intervened because, in our judgement, the landlord had failed to meet the standards of Governance and Financial Management or other regulatory requirements. In each case, the landlord was unable to remedy the failures. This presented a serious risk to the interests of tenants and service users.

*We found the root of the problems lay in **weak governance**. In almost all of the RSLs there was a failure of leadership. The cultures in some of the RSLs left them vulnerable to poor behaviours and incompetence that caused serious problems. Some of those in **leadership** disregarded the controls that were there to protect the RSL.”*

Lessons learned from our statutory intervention in registered social landlords, December 2019



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SHR Learning Points

- No Quick Fixes
- Building Governance & Leadership Capacity
- Earlier Use of Sector Expertise
- Early Decision on Way Forward
- Key Role for Lenders



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Cyber Security



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“We have been advised of a small number of recent incidents of fraud against Scottish RSLs through cyber-attacks. In at least one case the attacker has gained access to the personal data of tenants and service users of the RSL.

Regulatory Standard 4 requires each RSL to identify risks to its objectives and have effective strategies and systems for risk management and mitigation. Many RSLs have effective risk management arrangements, however given the recent deliberate targeting of the sector, it would be appropriate to review the adequacy of your cyber security arrangements.”

SHR Letter to Chairs and Directors of RSLs, October 2019

Brexit



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“Each RSL, when monitoring and assessing its present and future compliance with Regulatory Standard 3, should take account of this potential for greater volatility in the assumptions that underpin financial forecasts. sensitivity analysis, scenario planning and business planning. Where an RSL identifies a serious risk to its stability or viability in the course of its business planning it should inform us in accordance with our guidance on Notifiable Events. We continue to monitor and assess the risks arising from this issue.”

SHR Letter to RSL Directors, February 2019



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New Framework



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“Landlords need to be self-aware, analytical, open and honest about their performance and identify and drive improvement.”

Section 2.3, Regulatory Framework



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Assurance Statements

156/158 RSLs submitted on time

25/32 Local Authorities submitted on time

Process as valuable as Statements?

SHR Visits



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Presenting our regulatory view

Status	What this means
<i>Compliant</i>	We have sufficient assurance that the RSL meets the Standards of Governance & Financial Management and regulatory requirements
<i>Working towards compliance</i>	The RSL does not meet the Standards of Governance & Financial Management and regulatory requirements, and it is working to achieve compliance
<i>Statutory action</i>	The RSL does not meet Standards of Governance & Financial Management and regulatory requirements, and we are using statutory powers to address the non-compliance.

(under review) means: “We have identified or received information that means we are considering the regulatory status of the RSL. We will update the regulatory status as soon as this review is complete.”.

Conclusion

Sound Sector Finances

Future Rent Affordability

Tenant & Resident Safety

Brexit

Cyber Security

New Framework



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