



**Scottish Housing
Regulator**



How we work

How we assess risk
in local authorities' landlord
and homelessness services

Issue 3

June 2015

About us

We are the independent Regulator of just under 200 social landlords – around 160 Registered Social Landlords (RSLs) and 32 local authorities. We are led by a Board of non-executive members and directly accountable to the Scottish Parliament.

Our one objective is **to safeguard and promote the interests of**

- nearly 600,000 **tenants** who live in homes provided by social landlords
- around 90,000 **owners** who receive services from social landlords
- around 40,000 **people and their families** who may be homeless and seek help from local authorities
- over 500 **Gypsy / Traveller** families who use 29 official sites provided by social landlords.

Our role is to gather, monitor, assess and report on social landlords' performance of housing activities and RSLs' financial well-being and standards of governance, and to intervene where appropriate to achieve our objective. We also keep a public register of social landlords.

You can see more on how we regulate social landlords in our published Regulatory Framework, available on our website at: www.scottishhousingregulator.gov.uk.

How we work

We want to be as open as possible about how we regulate so that tenants and service users, landlords and others with an interest in our work have a clear understanding of what we do, how we do it and why we do it.

In our **How we work** series of publications we set out more information about how we regulate in practice. We set out our overall approach to the regulation of social landlords in Scotland in our published Regulatory Framework.



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1 Introduction

In this note, we set out the detail of how we assess risk in local authority landlord and homelessness services, the information we use, and how we decide our level of engagement with each local authority.

2 Our risk based approach

Our statutory objective is to safeguard and promote the interests of tenants and others who use the services of social housing landlords.

Our statutory role is to monitor, assess and regularly report on all social landlords' performance of housing activities and intervene where appropriate. This means that for both local authorities and RSLs we identify and assess the risks to the quality of the services they deliver to tenants and the quality of their homes. In this regard, we look to the Scottish Government's Social Housing Charter outcomes which social landlords should aim to achieve. We use the information in landlords' Annual Return on the Charter (ARC) to assess risk in these areas for both local authorities and RSLs.

We have a statutory duty to monitor, assess and regularly report on RSLs' financial well-being and standards of governance and so we include these areas in our annual risk assessment for RSLs. We do not have this role with local authorities; Audit Scotland is the lead regulator for governance and finance in local authorities. So we do not include these areas in our risk assessment of local authorities, although we do contribute our views through the Shared Risk Assessment.

Our Regulatory Framework sets out the policies and practices that we use to achieve that objective. We take a risk based and proportionate approach, meaning we focus on the important risks and key aspects of landlords' performance. We use our annual assessment of risk to decide the level of engagement we need with individual councils to help safeguard and promote the interests of tenants and other service users.

As our statutory remit in relation to RSLs is broader than our remit with local authorities we have published a separate How We Work document on our risk assessment for each. Further information on how we assess risk for RSLs is available in our publication 'How we work: how we assess risk in RSLs'.

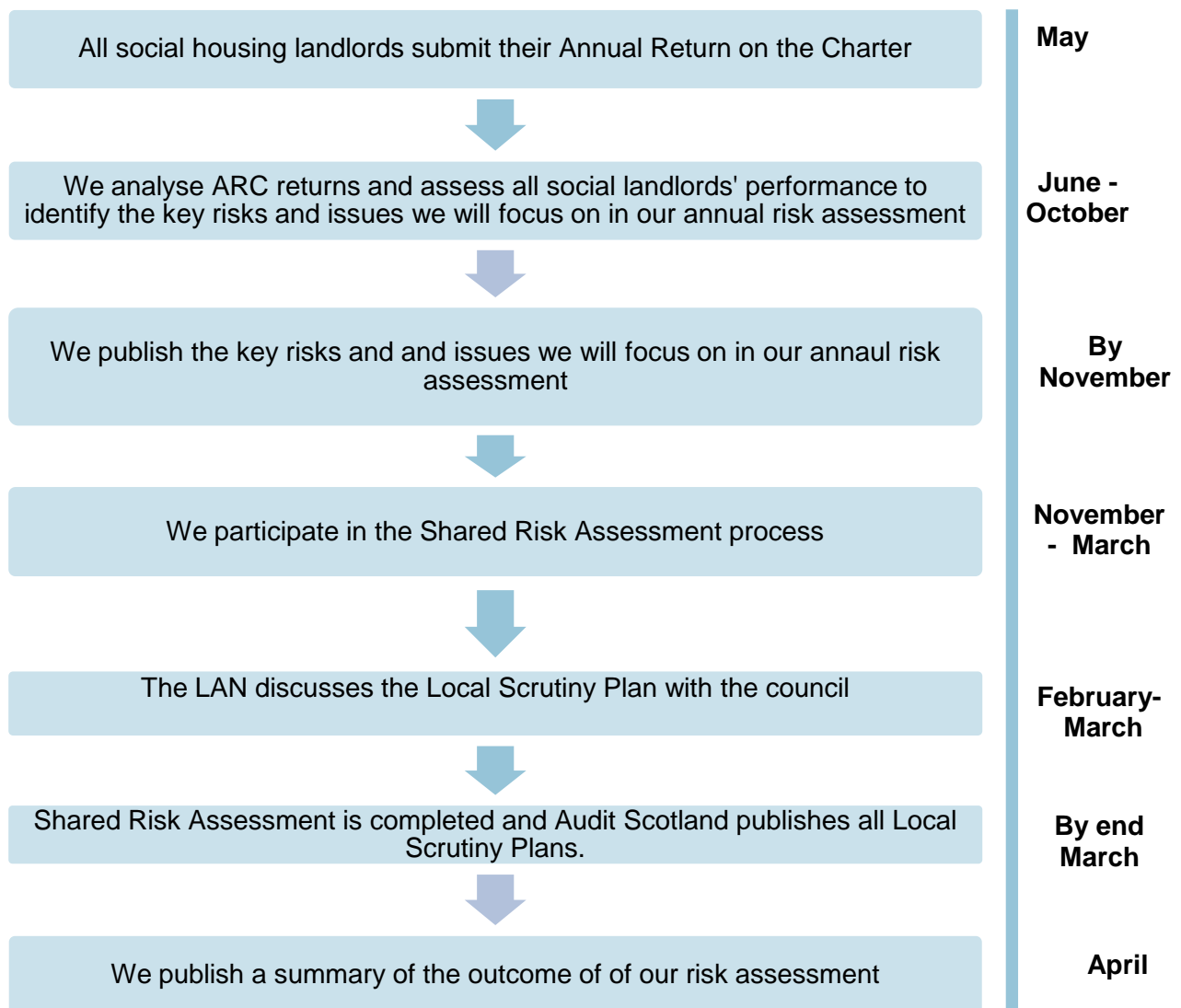
3 The Shared Risk Assessment

All our local authority scrutiny work is directed through the Shared Risk Assessment (SRA) with all the main scrutiny bodies¹ for local government. We share information through a Local Area Network (LAN) – made up of officers from each of the scrutiny bodies – for each council. Each LAN then agrees the key scrutiny risks within individual councils and co-produces a plan of scrutiny for each council, called a Local Scrutiny Plan (LSP).

We complete our risk assessment in November and decide what level of engagement we will have with individual councils. We then feed the outcome of our assessment into the SRA and each LAN will then prioritise and coordinate the timing of any scrutiny.

We assess risk in Scotland’s 32 councils every year. For 26 of the 32 councils, we assess both their landlord and homelessness services. We assess the homelessness services only of the six councils who have transferred their houses.

4 Key stages of our risk assessment process



¹ Audit Scotland, the Care Inspectorate, Education Scotland, Her Majesty’s Inspectorate of Constabulary for Scotland and Her Majesty’s Fire Service Inspectorate

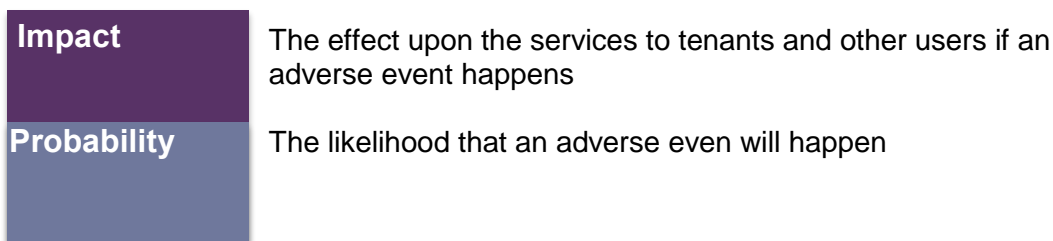
5 How we assess risk

We base our assessment of risk on analysis of three key areas:



In November each year we will publish a summary of the key risks and issues in each of these areas.

When we consider risk, we take account of two factors:



5.1 Information we use to assess risk

Information we gather from local authorities



Our assessment of risk is based on local authorities' Annual Return on the Charter (ARC) which they must submit to us by the end of May.

Other information we use



We also use other information we, and others, gather about local authorities throughout the year including:

- Scottish Government statistics on homelessness;
- information from our regulatory engagement with a council;
- concerns raised directly with us by tenants, other service users and their representative groups, including Significant Performance Failures;
- whistleblowing;
- our inquiry work (including thematic inquiries);
- Scottish Public Service Ombudsman (SPSO) Complaints;
- information produced by a council e.g. reports to elected members; and,
- information shared by the other scrutiny bodies through agreed Memoranda of Understanding

Before we complete our overall risk assessment we might ask a local authority to clarify some of its information, or to give us more information, to help us finalise our assessment.

5.2 How we assess service quality risk

We collect data on performance from all social landlords through the ARC. We assess performance with a view to identifying those landlords whose reported poor performance across a number of indicators suggests there is a potential risk to tenants' and other service users' interests.

We also consider those things that tenants and other service users tell us matter most to them, through our National Panel and engagement with Regional Networks of Registered Tenants' Organisations.

Tenants have told us the following are important to them:

- Satisfaction
- Complaints handling
- Repairs
- Re-lets and void management
- Rent collection and rent arrears
- Tenancy sustainment

We also consider important areas such as gas safety where there is a legislative duty placed on landlords.

We take into account any other information we hold about a local authority which helps us to look at their reported performance in context. We might seek clarification of some of the information a local authority has reported in their ARC to help us better understand and complete our assessment.

Poor performance on a number of indicators will trigger some form of engagement, for example we would ask for additional information to give us assurance.

As we build the Charter information year-on-year we will identify and analyse trends to highlight those landlords with consistently poorer or deteriorating performance which could affect tenants and other service users.

5.3 How we assess the quality of tenants' homes

Social landlords must ensure their houses meet the Scottish Housing Quality Standard (SHQS).

When we assess risk in relation to the quality of tenants' homes we focus on:

- the level of non-compliance with SHQS (how many houses do not currently meet the SHQS and how many will not meet the SHQS in one year's time) and the reasons for this;
- the quality of the information the local authority has about the condition of their houses;
- the local authority's track record in bringing houses up to the SHQS;
- the local authority's financial capacity to keep their houses up to the SHQS; and
- how the local authority is addressing compliance in any houses where there were abeyances or exemptions.

We consider whether it is necessary to engage with a council about the quality of tenants' homes based on the extent of non-compliance with SHQS and the reasons for this.

5.4 How we assess homelessness

Local authorities have statutory responsibilities towards homeless people and people who are threatened with homelessness. We use performance information local authorities provide to the Scottish Government to assess risk in this area.

When we assess risk in relation to homelessness we focus on:

- access to services (how easy it is for people to find and use the service they need);
- advice and prevention (the range of help and information given to people who are having a housing problem to help them avoid a housing crisis);
- outcomes for homeless people (what happens to people after the local authority has assessed their homelessness and made a decision);
- the use of temporary accommodation (a place people stay while their homelessness is considered. People can also stay there until they move into a more permanent home).

6 Our regulatory engagement

We use our risk assessment process to decide on which local authorities we will engage with and what level of engagement we will have with them. The level of engagement we will have with individual councils depends on the assurance we need that they are effectively addressing the risks we identified to tenants' and service users' interests.

We will engage with a local authority where we consider its performance across a number of areas suggests a risk to tenants' or other service users' interests. However, we may engage if performance is so poor in one area (for example, homelessness) and we consider it poses an unacceptable level of risk to tenants and other service users' interests. We will engage in conjunction with the LAN lead.

Our levels of engagement

We use the terminology agreed by the Shared Risk Assessment partners to describe how we will engage with individual local authorities in the Local Scrutiny Plans. **Table 2** shows how this compares with the language we use in our [Regulatory Framework](#) to describe our engagement with RSLs.

Table 2

Outcomes of the SRA process	Meaning	What we will do	Our Regulatory Framework
No additional scrutiny required beyond statutory / ongoing work	We will decide this, for example, where we have no significant concerns about performance or where we are satisfied performance is improving or a council has a good awareness of issues and has robust plans in place to address risk.	We will continue to monitor the local authority through the ARC but we will have little additional contact unless other events arise during the course of the year.	Low engagement
Ongoing oversight and monitoring required	We will decide this, for example, when we are satisfied that identified risks are being managed and/or mitigated by the council or the risks are not significant enough to justify scrutiny at present or additional scrutiny activity is unlikely to add value in supporting improvement.	We will seek further assurance from the ARC on the specific areas of risk identified. We may have closer engagement with a council as it takes action to address a particular issue.	Medium engagement
Scrutiny required	We will decide, for example, when our assessment shows that performance is poor, declining or not improving, that service levels are unacceptable or that measures to achieve and sustain improvement are not effective.	We will have a more intensive or continuous engagement to understand current and potential areas of risk. We might carry out an inquiry to examine aspects of a council's services in more depth or we may use our statutory powers to intervene.	High engagement

Local Scrutiny Plans

At the conclusion of the annual SRA process each LAN produces a Local Scrutiny Plan (LSP). The LSP covers those risk areas that the LAN has identified and prioritised as requiring scrutiny, or where scrutiny is planned as part of a national programme. The LSP also sets out the planned scrutiny activity it will undertake to make sure the council keeps on track with what it is trying to do and any improvements it needs to make. Each LAN discusses the LSP with the council's executive team before it is published.

All LSPs are published on [Audit Scotland's website](#) and are also available on our [website](#).

Will the level of engagement stay the same?

We use our annual risk assessment to decide how we will engage with individual councils from the start of each financial year. If during the year there are changes that could pose a risk to the interests of tenants and service users, or new information becomes available, we may need to change our level of engagement. If we need to do this we will bring this to the attention of the LAN and take appropriate action.

We may also reduce the level of engagement that we have with a local authority during the year if we receive sufficient assurance that it has taken effective measures to address the risks we identified.

7 More information

You can find more information about how we regulate in our [Regulatory Framework](#) or contact us at the details below.

Contact us

Write to us: Scottish Housing Regulator
58 Waterloo Street
Glasgow
G2 7DA

Email us: shr@scottishhousingregulator.gsi.gov.uk

Telephone us: 0141 242 5642

Website: www.scottishhousingregulator.gov.uk

Terms we use in this document

Term	Definition
Annual Return on the Charter (ARC)	Landlords require to collect and provide us with key information on their performance in achieving the Scottish Social Housing Charter through the Annual Return on the Charter
Annual risk assessment	An exercise we carry out each year to assess the risk that each social landlords presents to its statutory objective
Local Area Network	A collaboration of all the main scrutiny bodies that engage with councils. The role of the LAN is to ensure that information and intelligence held by each audit and inspectorate body is shared, enabling external scrutiny to be co-ordinated and targeted on the areas of greatest risk
Local Scrutiny Plans	A report which sets out the key scrutiny risks identified in a local authority and the actions by each scrutiny body
Memorandum of Understanding	A document of agreement between parties setting out areas of joint working or interest
Regulatory engagement	The level of regulatory response for each local authority based on the level of assurance that we require from it
Regulatory Framework	A document which sets out how we exercise our powers and duties
Registered Social Landlords (RSLs)	A social landlord registered and regulated by us
Scottish Social Housing Charter	The standards and outcomes set by Scottish Government which social landlords should aim to achieve
Scottish Housing Quality Standard (SHQS)	A minimum quality standard for all of Scotland's social homes. Landlords should have achieved the standard by the end of March 2015 and continue to meet the standard thereafter
Shared Risk Assessment	A process which enables local government scrutiny bodies to work together to draw up proportionate and risk-based scrutiny programmes for Scotland's 32 local authorities
Thematic inquiry	A type of inquiry in which we look at a particular subject or topic across a number of social housing landlords

