

# Annual Report and Accounts 2015/16

Regulating to protect the interests  
of tenants and other users of social  
housing services in Scotland.



# About us

Our one objective is to safeguard and promote the interests of current and future tenants of social landlords, people who are or may become homeless, and people who use housing services provided by social landlords.

We monitor, assess and report on social landlords' performance of housing activities and RSLs' financial well-being and standards of governance, and intervene where appropriate to achieve our objective. You can see more on how we regulate in our Regulatory Framework at: [www.scottishhousingregulator.gov.uk](http://www.scottishhousingregulator.gov.uk)

We are committed to meeting our equalities duties and to encouraging equal opportunities through our work. Our equality statement highlights our commitment to equality and restates our equality expectations of social landlords.

We are led by a Board of non-executive members, appointed by Scottish Ministers and directly accountable to the Scottish Parliament. The Board sets our strategic direction and ensures we focus on key priorities to meet our objective.

## Our Board

- **Kay Blair**, Chair (2nd term) from April 2011 to March 2019
- **Anne Jarvie**, Deputy Chair (2nd term) from March 2013 to March 2020
- **Mike Dailly**, from March 2013 to Feb 2017
- **Simon Little** (2nd term), from April 2011 to March 2018
- **Sid Patten** (2nd term), from April 2011 to March 2018
- **Lisa Peebles** (2nd term), from April 2011 to March 2019
- **Russell Pettigrew** stood down from SHR Board in December 2015.

As an effective regulator, we contribute to the achievement of sustainable economic growth and to the Scottish Government National Outcomes on:

- tackling inequalities
- well-designed, sustainable places
- high quality, continually improving, efficient and responsive public services
- longer, healthier lives
- improved life chances for children, young people and families at risk
- strong, resilient and supportive communities

## We regulate

160

Registered Social Landlords (RSLs)

32

Local Authorities (LAs)



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# A message from our Chair & Chief Executive



**Kay Blair**  
Chair



**Michael Cameron**  
Chief Executive

**"Our work supports the delivery of the Scottish Government's national housing priorities by helping to create the environment in which lenders are confident to invest in social housing and by helping to sustain the delivery of quality homes and services for tenants."**

## A message from our Chair & Chief Executive

We continue to regulate effectively to protect the interests of approximately 610,000 tenants living with their families in around 594,000 homes across Scotland.

Our regulation also covers around 275,000 people – such as factored owners, Gypsy / Travellers and homeless people – who use services provided by social landlords.

Our work supports the delivery of the Scottish Government's national housing priorities by helping to create the environment in which lenders are confident to invest in social housing and by helping to sustain the delivery of quality homes and services for tenants.

Social housing is changing in the UK. Policy is diverging north and south of the border, but with crossover in terms of investors and providers. The Scottish Government has set ambitious targets for new homes and raised grant levels to help achieve its targets. Social landlords are being asked to meet these targets. At the same time, austerity continues for tenants and service users and they see rent affordability and value for money as hugely important. There are opportunities for social landlords in this new context, as well as risks to be understood and mitigated. Effective governance will allow landlords to grasp opportunities and manage their businesses even more effectively.

Regulation is also changing. We are smaller, having set ourselves to deal with a significant reduction in our funding from 2016/17. This will mean that we will do less of some things and stop others, while continuing to prioritise our use of resources to protect the interests of tenants and service users.

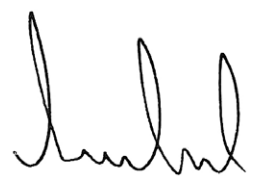
We will focus on our three priorities: good services, financial health and good governance. Within these priorities, we will concentrate on work that maintains the confidence of lenders and that empowers tenants by providing information on their landlord's performance that is easy to use and that helps them to compare their landlord with others.

We thank our Board members and staff for their continued dedication, hard work and resilience. We also thank our tenant assessors who completed their work with us in March 2016 and look forward to working with our new tenant advisors.

As always, we have valued the views of all our stakeholders during the year.



**Kay Blair**  
Chair



**Michael Cameron**  
Chief Executive

# Performance report



# What we do

## Our vision

Successful social landlords delivering good outcomes for tenants, homeless people and others.

To deliver this our priorities are that:



All social landlords deliver good services



RSLs are financially healthy



RSLs are well governed

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

- Nearly **610,000** tenants who live in homes provided by social landlords
- Around **118,000** owners who receive services from social landlords
- Around **44,000** people and their families who may be homeless and seek help from local authorities
- Over **2,000** Gypsy/Travellers who can use official sites provided by social landlords

Our effective regulation helped attract and continues to protect around **£8 billion** in public funding and **£5 billion** in private investment in registered social landlords. RSL housing assets are worth **£13 billion**.

### In 2015/16 our work:

- Raised awareness and highlighted:
  - good governance;
  - how the Charter standards and outcomes apply for Gypsy/ Traveller sites; and
  - rent affordability and cost control
- Was estimated to be worth around **£40m** each year in interest savings for all RSLs
- Established that around **91%** of tenants live in homes that meet SHQS

i Figures at 31 March 2016  
ii Figures at 2009

# What we achieved

✔ Completed    ➡ To be completed

## Our Regulatory engagement in 2015/16:

- ✔ We engaged with 22 local authorities and 65 RSLs – We gained assurances to allow us to engage with fewer landlords in 2016/17
- ✔ We took statutory action in 3 RSLs
- ✔ We published details of our engagement work in regulation plans for RSLs and contributed to Audit Scotland's local scrutiny plan publications for local authorities

## In 2015/16 we also said we would:

### Involve tenants...

- ✔ Through our National Panel of Tenants and Service Users, RTO liaison group and tenant assessors
  - Almost 500 panel members
  - 12 new tenant advisors recruited (see page 11 for further details)
  - Quarterly RTO liaison group meetings

## We have

1,200+

Newsletter subscribers

700+

Twitter followers

Nearly

100,000

Website visits during 2015/16

## Publish...

- ✔ Our landlord reports, Charter data and updated comparison tool for all social landlords by August 2015
- ✔ RSL financial data by November 2015
- ✔ Information on the key risks and issues we will focus on during our risk assessments by November 2015
- ✔ Our analysis of Charter returns and our financial analysis of the sector
- ✔ Information on how we work by May 2015 and how we assess risk and set regulation plans by June 2015
- ✔ Whistleblowing Factsheets by May 2015
- ✔ Streamlined regulatory guidance following our consultation by August 2015
- ✔ Our annual report and accounts by September 2015
- ✔ A new equalities statement by December 2015
- ➡ Consultation and involvement strategy review by December 2015 – We will complete this work in early 2016
- ✔ A refreshed environmental strategy by December 2015
- ✔ Regular editions of our newsletter 'SHR Update'

## Work to...

- ✔ Develop, consult and implement an appeals process by March 2016
- ✔ Explore establishment of a procurement framework for special managers – We will implement a selection panel in 2016
- ✔ Participate in a pilot of place based scrutiny in a local authority
- ➡ Develop quarterly surveys of systemically important RSLs – We were unable to resource this in 2015/16

# Landlords deliver good services

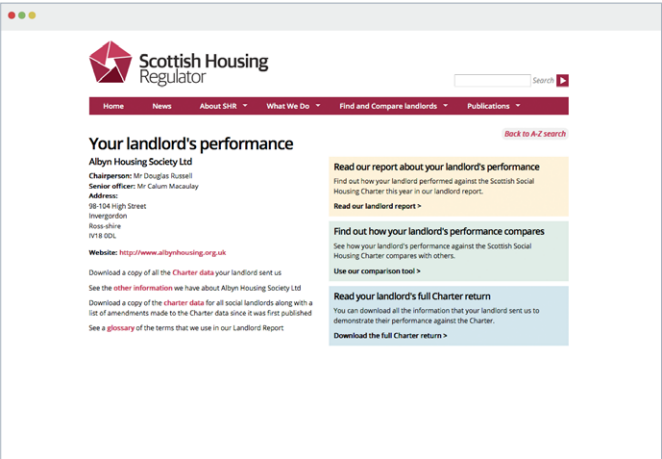
We brought new information on landlords' performance on the Scottish Social Housing Charter (the Charter) to tenants, landlords and others with our latest **landlord reports** and **online comparison tool**. Anyone can use the charts and graphs to track a landlord's performance since last year and compare it with others and against national averages.

Alex Macnair, a council tenant, said:  
**"It's good to have the ability to see how my landlord is performing and how this compares against previous years. I also think having the online video guide showing you how to search for information is a good tool for people like me who have basic computer skills."**

We highlighted that **Gypsy/Travellers** were not always receiving the Charter standards of service. We called for landlords to improve, pointed to the positive practice we found and to recent Scottish Government guidance on minimum standards. The Scottish Parliament's Equal Opportunities Committee welcomed our report.

John Mason MSP said:  
**"That was a very interesting update, and I appreciated the report, which is encouraging."**

Annabel Goldie MSP said:  
**"I echo John Mason in saying that the report is hugely encouraging. I was struck by your 16 recommendations."**



Scottish Housing  
Regulator

## Landlord Report

How your landlord told us it performed in 2014/15

2014/2015 Response

Indicator	Albyn Housing Society Ltd	Average of compared landlords	Difference from this average	Select up to 4 landlords to compare		
Houses and rents						
Total number of homes	2,767	17,812	15,044	22,328	3,123	40,193
Total rent due to be collected	£11,032,832	£65,066,892	£54,034,060	£76,176,325	£12,278,203	£152,389,453
Percentage average weekly rent increase to be applied	1.5 %	2.6 %	1.0 %	3.3 %	3.0 %	2.7 %
Total number of 1 apartments	42	908	866	873	0	2,737
Average weekly rent for 1 apartments	£50.05	£58.20	£8.15	£56.94	£0.00	£58.57
Total number of 2 apartments	658	4,077	3,419	7,360	295	7,391
Average weekly rent for 2 apartments	£67.39	£68.97	£1.58	£69.27	£65.20	£69.47
Total number of 3 apartments	1,327	8,616	7,289	10,083	1,550	20,343
Average weekly rent for 3 apartments	£76.44	£75.75	£2.69	£74.24	£73.07	£74.30
Total number of 4 apartments	613	3,736	3,123	3,836	1,133	8,233
Average weekly rent for 4 apartments	£83.74	£83.50	£0.24	£83.47	£80.71	£86.76
Total number of 5 apartments	127	424	347	196	145	1,289
Average weekly rent for 5 apartments	£127	£127	£0	£127	£127	£127



Landlords deliver good services

@JohnFinnieHI  
**I welcome this report from Housing Regulator calling for improved services for gypsy travellers @SHR\_news**

We speak directly to **tenants** and other **customers** of social housing to learn what is important to them and to help us focus our work.

Our **National Panel of Tenants and Service Users** has grown to almost 500 members. They gave us valuable insight to their experiences and priorities. This brought their views into our work and helped us develop how we communicated with tenants, particularly on Charter reporting.

We engaged with the nine Regional Networks of Tenant Organisations through our **RTO liaison group** and their Chairs & Secretaries group. Some of the Chairs participated in our stakeholder discussions on value for money and risk. And many of the Chairs and members of the liaison group contributed to the launch of our National Report on the Charter.



£65

Average weekly rent per pitch



79%

Gypsy/Travellers satisfied with the landlord's management of site

We have successfully worked directly with our **tenant assessors** for over ten years. They brought a tenant perspective directly to our scrutiny and helped to keep us focused on the issues that are most important to tenants. During March we introduced a new initiative that builds on this and we worked with the Tenant Information Service to recruit new tenant advisors to take forward this approach.

@TISScotland  
**LAST CHANCE to apply to become a tenant advisor with the Scottish Housing Regular. Closing: 12noon, 16th March.**

We thank all the outgoing tenant assessors for their valuable contributions to our work and we look forward to welcoming our new tenant advisors in 2016/17.

Christine Macleod, Director of Regulation (Governance and Performance) said:  
**"Protecting tenants' interests is at the heart of our work and we know that tenants welcome talking to other tenants about the issues that affect them. Involving Tenant Advisors in our work helps us to ensure that we focus on the things that matter most to tenants".**

@MgtBurgessMSP  
**Enjoyed speaking to housing & tenant orgs at launch of @SHR\_news 2nd social landlords performance report @TISScotland**

# Our second annual National Report on the Scottish Social Housing Charter on landlord performance in 2014/15



- Performance has broadly been maintained across the sector on 10 out of the 16 Charter standards/outcomes;
- it has generally improved in 6 of the 16 standards/outcomes;
- there are no outcomes where performance has broadly deteriorated



Over 90%  
of homes are SHQS compliant



4% Drop  
Homeless applications  
dropped to 35,764  
in 2014/15



90.2%  
Reactive repairs  
carried out right first  
time in the last year,  
up 3% from 87.2%



4.5% Rise  
Weekly average rents rise  
from £67.96 in 2013/14  
to £71 in 2014/15



9/10  
Tenants who are satisfied  
with the overall service  
provided by their landlord



£84  
The average annual  
management fee  
per property



63%  
Factored owners who are  
satisfied with the factoring  
service they receive



# Well governed and financially healthy RSLs

We reported on **RSL finances**:

Ian Brennan, Director of Regulation (Finance & Risk) said:  
**"Once again the aggregate accounts show a healthy surplus and a strong cash position. We also see that rents are rising in real terms and that most RSLs are planning to continue above inflation increases for the next five years. We are aware that many RSLs are making considerable efforts to ensure that rents remain affordable for tenants and all RSLs need to set rents in a way that places affordability for tenants at the centre of their planning."**

We published refreshed **Recommended Practice on Business Planning** for RSLs. This principles-based publication helps RSLs comply with our standards of governance and financial management.

Our focus on well-governed and financially viable RSLs is essential to maintain the confidence of investors in the sector. This helps RSLs to attract investment and to achieve savings in the cost of borrowing. Lenders tell us there is a positive and tangible benefit to RSLs from regulation equating to savings in interest costs between 1% to 2.5%. This generates to annual saving across all RSL loans of approximately £33m and £83m.

**£40m** **£4m**

Interest rate savings for RSLs    SHR's 2015/16 budget

We take a prudent view on this and estimate the **value of regulation** at approximately **£40m**.

CML said:  
**"Regulation of Housing Associations in Scotland provides comfort to our members and investors ... It has also allowed access for Housing Associations to private finance at rates that reflect that the sector promotes a lower level of risk".**  
CML submission to ICI Committee Dec 2015

In April 2015 we published factsheets on **Whistleblowing**, to better explain the enhanced protection for whistle-blowers who report public interest disclosure to us. We are a prescribed person under the Public Interest Disclosure Act 1998.

All social landlords should have an open and positive approach to whistleblowing. During 2015/16 whistle-blowers contacted us about 10 landlords. We:

- took no action in one case after establishing that the allegations were about employment issues;
- worked with the landlords to establish the facts in five cases;
  - found in two of these there was no basis for the allegations; and
  - found concerns were substantiated in three of these cases and we are engaging with the landlords to seek assurance that the issues are addressed
- are still investigating four cases

## Well governed and financially healthy RSLs

We published our 7th edition of **Governance Matters** focusing on what led to the near insolvency and the ultimate rescue of one RSL. In this case the RSL's governing body recognised it needed support and sought a rescue by another RSL. It avoided insolvency and continued as a subsidiary within a strong group. The outcome also preserved the RSL sector's good, creditworthy reputation.

We held our third series of **Governance Matters events** for board members. Over 100 delegates attended six events held around Scotland.

A Governance Matters delegate said:  
**"This will help me to look at the way we get the balance right and ask the right questions."**

We used our **statutory intervention powers** in three landlords to

- protect the interests of tenants and other customers of social housing;
- maintain the confidence of public and private funders; and
- protect the good reputation of RSLs.

We worked with all stakeholders to support successful outcomes and we published full details about our intervention in regulation plans for each RSL.

We ended the appointment of a statutory manager at **Muirhouse Housing Association** as the Association had made good progress with necessary improvements. We continued three statutory appointments to the governing body to continue to support further improvement.

We continued our appointment of a statutory manager at **Wellhouse Housing Association** to support it to complete its improvement plan and consolidate on the good and constructive progress it has made.

Wellhouse Chairperson Maureen Morris said:  
**"We recognise that the appointment of a manager was the right approach in our case. The results are a complete turnaround at the association and in the best interests of our tenants. Although it has been an intense and costly period of renewal, we know that sorting our problems will make the association stronger and more cost effective in the long-term."** Housing Scotland Today Monday 22 February 2016

We appointed a statutory manager to **Ferguslie Park Housing Association** and made three appointments to the Association's governing body to ensure that it addresses a number of weaknesses in its governance and financial management.

We would like to thank all the co-opted members and appointees who worked to support good governance in social landlords during 2015/16.

# Being an effective regulator

We want tenants and service users, landlords and others to have a clear understanding of what we do, how and why. We published

- for the first time a summary of our **work plans** for 2015/16 and we have reported against these on page 9
- an advice note on the focus of our risk assessments; and
- a new series of '**How we work**' publications.

We consulted on our regulatory guidance and went on to publish **streamlined information requirements for RSLs**, including on notifiable events. We made it quicker and easier for landlords to apply for our consent and report notifiable events to us through our online **portal**. We thank all the landlords who worked with us to make this happen.

@CastleRockEdin  
**Well done! We really like @SHR\_news portal & good feedback from staff & customers on comparison tool.**



@ScotHousingNews  
**Double award for Scottish Housing Regulator's new business intelligence system**



Following extensive consultation, we implemented new ways for social landlords to challenge our decisions, including a formal **appeals** process.

Just under 70% of our operating costs for 2015/16 related to our staff costs. The remainder related to other administrative costs including accommodation expenses, IT costs and depreciation. We delivered savings of around £47k on our budget funding for 2015/16 of just over £4 million.

We actively managed risk that could impact on our work by implementing our **risk management strategy**. Amongst the main risks which we managed were:

- challenges where an RSL has financial difficulties
- system-level changes that may affect a large number of landlords
- difficulties with our move to a new office

We achieved **substantial** assurance from our **internal auditor** and an **unqualified** report from **Audit Scotland**.

We have continued to meet our published responsiveness targets for correspondence.

Type of correspondence	Response time	Target	
General correspondence	8 working days	95%	✓
Complaints about SHR	Acknowledgement within 3 working days	95%	✓
Stage one	Respond within 5 working days	95%	✓
Stage two	Respond within 20 working days	95%	✓
Consents	8 working days	95%	✓
FOI requests	20 working days	100%	✓
FOI appeals	20 working days	100%	✓
Significant Performance Failures	20 working days	100%	✓
Invoice Payment	10 working days	100%	✓

# Strategic perspective

The operating environment for social landlords is characterised by new demands, new and increasing risks, new uncertainties and new opportunities.

## Political

- EU referendum
- Scottish Elections
- New powers for Scotland
- Policy differences across the UK
- Welfare changes
- Reclassification of RSLs
- Continued pressure on public spending
- Ambitious targets for new homes

## Landlords

- Rent affordability
- Value for money
- Quality of homes
- Climate change targets
- Homelessness
- New technologies
- Digital First
- Health & social care

## Regulation

- A smaller regulator
- Appeals
- Review of the Scottish Social Housing Charter
- Preserving the value of regulation

## Macro Economics

- World economy
- Inflation/deflation

Michael Cameron  
Chief Executive  
16 August 2016

# Accountability Report



# Corporate Governance Report

## Introduction

These accounts for the financial year 2015/16 have been prepared in accordance with the Accounts Direction given by Scottish Ministers, in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000.

## Directors' Report

### Statutory Background

The Scottish Housing Regulator (SHR) was established on 1 April 2011 under the Housing (Scotland) Act 2010. We are a Non-Ministerial Department (NMD), part of the Scottish Administration and directly accountable to the Scottish Parliament. We commenced our full regulatory powers, duties and corporate responsibilities under the 2010 Act in April 2012.

We are the successor organisation to the previous Scottish Housing Regulator agency, which exercised Scottish Ministers' powers under the Housing (Scotland) Act 2001 until the end of March 2012.

Our relationship with Scottish Ministers is set out in a published **Framework Agreement**, available on our website [www.scottishhousingregulator.gov.uk](http://www.scottishhousingregulator.gov.uk).

### Principal Activities

Our **Corporate Plan 2015-18** sets out how we will deliver our statutory objective and our regulatory priorities. We have one statutory objective, to: "safeguard and promote the interests of current and future tenants of social landlords, people who are or may become homeless, and people who use housing services provided by registered social landlords (RSLs) and local authorities".

We do this by assessing and reporting on:

- how social landlords are performing their housing services;
- RSLs' financial well-being; and
- RSLs' standards of governance.

We intervene to secure improvements where we need to. We also keep a Register of all the RSLs in Scotland, which holds important information about each landlord.

During 2015/16, following our annual regulatory assessments, we engaged actively with 65 RSLs and 22 local authorities.

### Review of Business in 2015/16: Impacts, Outcomes, Emerging Issues and our Future Priorities

Our Operating Plan for 2015/16 was derived from our Corporate Plan 2015-18. Our impact and outcomes, and performance against our priorities, are set out in our Annual Report 2015/16.

We are accountable to the Scottish Parliament for achieving our statutory objective. In June 2015 we presented evidence to the Parliament's Infrastructure & Capital Investment Committee on areas of our work that the Committee had asked for further information on. In November 2015 we presented our report on how the Scottish Social Housing Charter standards and outcomes apply for Gypsy / Travellers to the Parliament's Equal Opportunities Committee. In December we presented our 2014/15 Annual Report to the Infrastructure and Capital Investment Committee. During 2015/16 we provided additional information to the Parliament as requested and this is available on both the Parliament website and our own. We look forward to presenting our 2015/16 report and accounts to the relevant Parliament Committee during 2016/17.

## Risks to the Delivery of our Principal Activities

Our approach to managing risk is described in detail in the Governance Statement of this report. In 2015/16 the following risks were identified as among those potentially having the greatest impact on our activities:

- challenges where an RSL has serious financial problems, principally where an RSL becomes insolvent and we are unable to effect a rescue
- difficulties associated with our move to new accommodation, such as a lack of certainty over the availability of appropriate space within the government estate
- changes which may affect a large number of social landlords (such as welfare reform and the impact of pension costs on RSLs)

We have set out the controls we have in place to manage these risks, and all other identified risks within our risk register. Where risks are at, or are approaching, an unacceptable risk tolerance level a risk treatment plan is developed setting out the additional action we are taking.

### Financial Outturn

Our revenue budget in 2015/16 was £4.089m (2014/15 - £4.020m). We also had non-cash cover of £0.305m for depreciation of IT assets.

We redirected £0.169m of our revenue budget to our capital IT project, to fund additional work and enhancements which respond to user feedback and streamline our processes further.

Taking our adjusted revenue budget of £3.920m and our non-cash cover of £0.305m together, we spent £4.178m (2014/15 - £3.923m) resulting in savings of £0.047m (2014/15 - £0.167m).

## Staff Costs

During 2015/16 we applied an average vacancy rate of 2% to our original staff cost budget to reflect the likelihood of staff turnover and the time required to fill subsequent vacancies. This enabled us to redirect our resources to other priorities and pressures. After the application of the vacancy rate, we spent £2.880m of our adjusted staff cost budget of £3.089m resulting in a marginal underspend of £0.209m.

Our overall staff costs in 2015/16 of £2.880m increased by £0.142m from £2.738m reported in 2014/15. We introduced a recruitment freeze of all vacant posts in December 2015 in preparation for future budget reductions.

## Non Staff Costs

We have reported outturn savings of £0.95m against our non-staff cost budget.

We also provided contingency cover of £0.030m for legal and other specialist advice costs to enable us to obtain advice as required. Our costs were £0.004m.

We also reported savings across a number of other individual budget lines, such as research and consultancy, stakeholder engagement and board costs. This enabled us to increase our spend on staff training and stakeholder engagement.

We redirected £0.169m of our revenue budget to our capital IT project, to fund additional work and enhancements which respond to user feedback and streamline our processes further. This enabled:

- updates and upgrades to our landlord reports and online comparison tool
- the introduction of new workflows for consent applications
- the launch of our new digital landlord Directory
- changes to landlord financial returns to reflect changes in accounting standards

All public bodies face funding pressures in the coming years. Our budget for 2016/17 is £3.749m (£4.103 2015/16). The Scottish Government and Parliament will set our funding for 2017/18 and 2018/19 during 2016/17. We will finalise and implement our detailed planning for future years, matching our resources to our priorities to protect the interests of tenants and service users.

**Health, safety and the environment**

We aim to provide a safe and healthy working environment for all staff. So far as is reasonably practicable, we aim to have systems and procedures in place which will ensure that all equipment, plant and premises are safe and free from adverse effects to health. We have our own Health and Safety committee that oversees our procedures and provides advice to staff.

We are committed to reducing our impact on the environment through the effective management of our operations. This commitment is demonstrated by our published Environmental Strategy and our Environmental Action Plan.

We recognise our legal and ethical responsibilities to protect and enhance the environment and work towards sustainable practices in the use and disposal of materials, energy, and transport management. We published a new Environmental Strategy during 2015/16.

**Social and community issues**

During 2015/16 we implemented our Consultation & Involvement Strategy. The aim of the strategy is to ensure that we actively involve tenants, homeless people and others who use social landlords' housing services in our work. As part of this strategy, we carried out a programme of work with our National Panel of Tenants and Service Users. The Panel provided feedback directly from those who use social landlords' services. We also continued to use tenant assessors as part of our commitment to involve service users in our scrutiny work. We engaged with the nine regional networks of Registered Tenant Organisations (RTOs) and also held meetings of our RTO liaison group.

We also follow the guidelines set by the Scottish Government's Volunteering Policy, in which staff can participate in community projects with our support.

**The Board of the Scottish Housing Regulator**

Our organisation is led by a Board of non-executive members, appointed by Scottish Ministers following an open public appointments process. The Board sets our strategic direction and is responsible for oversight of our aims, objectives and financial performance.

Membership of the Board during the period April 2015 to the end of March 2016 is provided below:

- **Kay Blair**, Chair (second term re-appointed from April 2015 – March 2019)
- **Anne Jarvie** (second term re-appointed Deputy Chair from April 2016 - March 2020)
- **Mike Dailly** (first term March 2013 – Feb 2017)
- **Simon Little** (second term re-appointed from April 2015 March 2018)
- **Sid Patten** (second term re-appointed from April 2014 – March 2018)
- **Lisa Peebles** (second term reappointed from April 2015 – March 2019)
- **Russell Pettigrew** (until December 2015)

Details of the framework in place for Board appointments, appraisal and review of the Board's effectiveness are described in the Governance Statement of this report.

**Audit & Risk Assurance Committee**

Our Audit & Risk Assurance Committee provides assurance to our Board and Chief Executive, as Accountable Officer, that appropriate risk, control and governance structures are in place. The Audit & Risk Assurance Committee met four times in 2015/16 and all meetings were quorate. Membership of the Committee and its specific responsibilities are described in the Governance Statement of this report.

**The Executive Team**

The Executive Team comprises of the Chief Executive and SHR's three Divisional Directors. It is responsible for providing SHR with strategic management and leadership.

Up until the formation of the Management Team in July 2015 the Executive Team received regular reports to monitor progress against the objectives in our Corporate Plan 2015-18 and annual operating plan, and to ensure the effective management of risk. Thereafter this oversight and monitoring was carried out by the Management Team.

The Executive Team Membership in the year was:

- **Michael Cameron**, Chief Executive
- **Christine Macleod**, Director of Regulation – Governance and Performance
- **Ian Brennan**, Director of Regulation – Finance and Risk
- **Iain Muirhead**, Director of Strategy and Communications

Each member of the Executive Team has confirmed that so far as they are aware, there is no relevant audit information of which the auditor is unaware.

Details of Executive Team Remuneration can be found in the Remuneration Report.

**Management Team**

The Management Team was established in July 2015 and comprises of the Executive Team along with four Assistant Divisional Directors and the Head of Planning and Performance.

The Management Team supplements the Executive Team and is responsible the oversight of the operational management of SHR, consistent with the Board's strategic direction. It receives regular reports to monitor progress against the annual operating plan, and to ensure the effective management of risk.

**Employment Policies**

**Employee involvement**

We ensure that our staff are kept informed about the organisation, its people and business through a range of activities. These include staff briefing sessions, regular face-to-face team meetings with managers, and attending a range of internal and external events. During the last year staff were invited to take part in a range of different project and working groups.

The SHR is party to the Scottish Government's Partnership Agreement with trade unions recognised by the Scottish Government. Each year staff take part in the UK-wide civil service Employee Engagement Survey.

Each of our divisions focuses on contributing to the delivery of our corporate strategic objectives. To support this, our performance management system ensures that all staff agree annual objectives with their line manager which are closely linked to our Corporate Plan 2015-18 and annual operating plans.

During 2015-16 we implemented our staff Learning and Development Strategy. This strategy demonstrates our commitment to investing in our staff, using our resources as effectively as possible to achieve our objectives and maximising value for money. We launched a programme of writing training in March 2016. This was open to all staff and gave them the opportunity to learn new techniques to increase the impact of our written communications.

**Employee recruitment**

We carry out our recruitment and promotion activities on the basis of fair and open competition, selection on merit and in accordance with Scottish Government guidance.

**Equal opportunities and diversity**

We treat all staff equally irrespective of their sex, marital status, age, race, ethnic origin, sexual orientation, gender identity, disability, religion or belief, working pattern, employment status, caring responsibility or trade union membership. We are committed to increasing the diversity of staff within the organisation to reflect the people of Scotland, and to valuing positively the different perspectives and skills of all staff and making full use of these in our work.

**Other Disclosures**

**Reporting of personal data related incidents**

No protected personal data related incidents have needed to be formally reported to the Information Commissioner's Office in 2015/16.

**Appointment of auditors**

Audit Scotland audited our accounts. A detail of the Audit Scotland notional fee of £17,675 is shown at note 9. Audit Scotland supplied no other services during the year. The Scottish Government internal audit department provided internal audit services.

**Significant changes in non-current assets**

The movements in non-current assets are set out in notes 3 and 4 to the financial statements. The reduction in capital spending combined with normal levels of expenditure have reduced our net asset base, decreasing this to £0.932m in 2015/16 from £0.958m in 2014/15. There is no significant difference between the value of these non-current assets shown in the financial statements and their current market value.

**Post-balance sheet events**

There have been no material events occurring after the year end which have a bearing on these accounts.

**Pensions**

Pension benefits are provided through the Civil Service pension arrangements. More details on the Principal Civil Service Pension Scheme (PCSPS) and the treatment of liabilities in our financial statements can be found in the Remuneration and Staff Report and in the notes to the accounts.

Details of the pension entitlements of our Executive Team members are provided in the Remuneration Report.

**Supplier payment policy**

We have not paid any interest under the Late Payment of Commercial Debts (Interest) Act 1988.

Our policy is to pay all invoices not in dispute within 10 days from receipt of the invoice. We aim to pay 100% of invoices on time in these terms. This includes disputed invoices once the dispute has been settled. We process invoices on the Scottish Government's Accounting System (SEAS). We are reliant upon the financial information and management system provided by the Scottish Government for all our financial functions. For the year ended 31 March 2016, we paid 100% of all invoices received within the terms of our payment policy.

**Charitable donations**

There were no charitable donations made during the year.



# Statement of Accountable Officer's Responsibilities

In accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, Scottish Ministers have directed the Scottish Housing Regulator (SHR) to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction at the end of these financial statements.

The accounts are prepared on an accruals basis and must give a true and fair view of SHR's state of affairs at the year end and of its operating costs, recognised gains and losses, and cash flows for the financial year.

The Permanent Secretary of the Scottish Administration has appointed the Chief Executive as the Accountable Officer for SHR.

In preparing the accounts, the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the accounts on a going-concern basis.

The responsibilities of the Accountable Officer, including responsibility for the propriety and regularity of the public finances for which he is answerable, for keeping proper records and for safeguarding SHR's assets, are set out in the Accountable Officer's Memorandum issued by Scottish Ministers.

I am not aware of any relevant audit information of which our auditors are unaware. I have taken all necessary steps to ensure that I am aware of any relevant audit information and to establish that the auditors are also aware of this information.

I confirm that the annual report and accounts as a whole is fair, balanced and understandable and I take personal responsibility for the annual report and account and the judgements required for determining that it is fair, balanced and understandable.

# Governance Statement

## Scope of responsibility

As Accountable Officer for SHR, I am responsible for maintaining a sound governance framework and system of internal control that supports the achievement of SHR's policies, aims and objectives, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

SHR is a Non-Ministerial Department (NMD) and part of the Scottish Administration, with direct accountability to the Scottish Parliament. Whilst our accounts are not consolidated with those of the Scottish Government, we liaise with Scottish Government finance colleagues on a regular basis to provide them with information relating to our expenditure and anticipated outturn. Our Framework Agreement sets out our relationship with Scottish Ministers.

As Accountable Officer, I am responsible for:

- the propriety and regularity of financial transactions which have taken place under my control;
- the economic, efficient and effective use of resources provided to SHR;
- ensuring that arrangements are made to secure Best Value;
- signing our annual accounts;
- ensuring that effective governance and management systems are in place; and
- ensuring that all risks are identified, assessed and managed appropriately.

## Purpose of the governance framework and system of internal control

Our governance framework comprises of the systems, processes, cultures and values by which the organisation is managed and controlled. It enables us to monitor progress against our aims and objectives and to ensure the efficient and effective use of resources.

Our system of internal control is a significant part of this framework, based on an on-going process designed to:

- identify the principal risks to the achievement of our statutory purpose, aims and objectives;
- evaluate the nature and extent of those risks; and
- manage risks efficiently, effectively and economically.

This system is designed to manage risk to a reasonable level, rather than eliminate all risk. It can therefore only provide reasonable and not absolute assurance of effectiveness.

Our internal control processes accord with guidance from Scottish Ministers provided in the Scottish Public Finance Manual (SPFM). These processes have been in place for the year ended 31 March 2016 and up to the date of approval of the annual report and accounts.

The SPFM is issued by Scottish Ministers to provide guidance to relevant bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety.

### Governance framework

We have a clearly defined governance framework which takes account of governance best practice principles and guidance for Board members of public bodies.

### Scottish Housing Regulator Board

Our organisation is led by a Board of non-executive members, appointed by Scottish Ministers following an open public appointments process. The Board is responsible for providing strategic direction and oversight of our aims, objectives and financial performance.

The Board met ten times in 2015/16 to fulfil this role and all meetings were quorate. Minutes of the meetings, our Board Code of Conduct and Board members' registers of interest are publicly available on our website. Members also took part in additional workshops and events to consider a wide range of topics.

Board appointments are made by Scottish Ministers and overseen by the Commissioner for Ethical Standards in Public Life in Scotland (from July 2013 - previously the Commissioner for Public Appointments in Scotland). Our Chair is subject to annual appraisal by the Scottish Government's Director of Housing, Regeneration and Welfare and each Board Member is subject to an annual appraisal by our Chair. Members participate in regular training and carry out an annual review of the Board's effectiveness.

Details of Board membership is detailed in the Directors' Report of this report.

### Audit and Risk Assurance Committee

Our Audit & Risk Assurance Committee provides assurance to our Board and Chief Executive, as Accountable Officer, that appropriate risk, control and governance structures are in place. The Audit & Risk Assurance Committee met four times in 2015/16 and membership comprised of the following members of the Board:

- **Sid Patten**, Chair
- **Lisa Peebles**
- **Anne Jarvie**
- **Russell Pettigrew** (until December 2015)
- **Mike Dailly** (from March 2016)

The Committee's role is to provide assurance to our Board, and to me as Accountable Officer, that appropriate risk, control and governance structures are in place. I have considered the matters raised and discussed by the Board and Audit & Risk Assurance Committee when preparing this statement.

Throughout 2015/16 our Board, Executive Team and Management Team received regular reports to monitor progress against the objectives in our annual operating plan, and to ensure the effective management of risk.

### Risk and control framework

All bodies subject to the requirements of the SPFM must operate a risk management strategy in accordance with relevant guidance issued by Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

Our risk management strategy was developed by the Board and along with our risk register, identifies the key risks to the delivery of our statutory, strategic and corporate objectives.

Since its formation in July 2015 the Management Team has taken over responsibility for reviewing the risk register monthly and reporting to both the Audit and Risk Assurance Committee and Board on a quarterly basis. Up until the formation of the Management Team this was the Executive Team's responsibility.

These reviews enable us to:

- discuss and evaluate key risks that could affect our ability to deliver our objective;
- assess existing controls (i.e. measures in place to reduce or limit risk);
- determine the appropriate response to each risk;
- allocate responsibility for managing each risk to a risk owner; and
- profile our risks by ranking them in order of overall risk exposure (in terms of likelihood and impact).

During 2015/16 we embedded our new approach to risk tolerance. Our new approach aims to focus our attention, actions and resources on those risks which are at, or approaching, an unacceptable level in terms of our risk tolerance.

In 2015/16 the following risks were identified as among those potentially having the greatest impact on our activities:

- challenges where an RSL has serious financial problems, principally where an RSL becomes insolvent and we are unable to effect a rescue
- difficulties associated with our move to new accommodation, such as a lack of certainty over the availability of appropriate space within the government estate
- changes which may affect a large number of social landlords (such as welfare reform and the impact of pension costs on RSLs)

Our risk register sets out the controls we have in place to manage these risks. We map risks from our register onto tolerance grids to assess whether further action is required. Where further action is required, we develop and monitor a risk treatment plan. I am satisfied that our arrangements have enabled us to identify and manage risk effectively during 2015/16.

For data and information handling risks, I am assisted by our Senior Information Risk Officer and Information Asset Officers. There were no data incidents in 2015/16. During the year we continued to embed our Records Management, Records Retention and Information Security policies.

We have fraud, whistleblowing and anti-bribery policies in place, and a fraud response plan, to ensure the effective management of risks associated with these issues.

### Best Value

In accordance with the principles of Best Value, we aim to foster a culture of continuous improvement. Our Executive Team and managers are encouraged to review, identify and improve our ways of working in order to ensure the most efficient and effective use of resources.

We have established a framework for reviewing our progress against the seven Best Value themes in the Scottish Government's Guidance for Accountable Officers. During 2015/16 we carried out an assessment of our arrangements relating to our 'Performance Management'. We reported the findings to our Audit & Risk Assurance Committee in December 2015.



We will consider how we can continue to demonstrate our commitment to Best Value in a proportionate way and will develop a proposal to be presented to the Audit & Risk Assurance Committee during 2016/17.

### Review of adequacy and effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of our systems of internal control and corporate governance. My review is informed by:

- annual certificates of assurance and internal control checklists from the Director of each of our divisions;
- the work of our internal auditors, who submitted regular reports to our Audit Risk & Assurance Committee;
- comments made by our external auditors in their management letters and other reports; and
- quarterly reports to our Board from the Chair of the Audit & Risk Assurance Committee.

Our system of internal control and corporate governance has been supported by:

- regular Board meetings and workshops;
- monthly meetings of our Executive and Management Teams; and
- regular monitoring and reporting of performance against our operating plan and other areas of corporate performance, including finance and risk management.

We use and rely on the core financial management systems of the Scottish Government to carry out accounting and payment functions. I have received assurances from the Scottish Government that reliance can be placed on the central systems they provided in 2015/16.

We are committed to a process of continuous improvement and we develop our systems in response to any relevant reviews and advancements in best practice. In the period covering the year to 31 March 2016 and up to the signing of the accounts, we liaised with Scottish Government Internal Audit, Audit Scotland and Scottish Government Accountancy Services to ensure that our internal control procedures were fit for purpose and compliant.

During 2015/16, our internal auditors have completed their risk-based internal audit plan with specific work on our resources, capacity and workforce planning and business planning and performance management.

Internal Audit has provided substantial assurance in relation to the work undertaken. A small number of low priority recommendations to enhance controls have been identified and we will take action to respond to these in 2016/17.

I am satisfied that no significant control weaknesses or issues have arisen during 2015/16. There have been no significant failures in expected standards for good governance, risk management and control.





# Remuneration and Staff Report

## Part One: Unaudited Information

### Employment Policies

#### Salary

The remuneration of senior civil servants is set in accordance with the Civil Service Management Code (available at [www.civilservice.gov.uk](http://www.civilservice.gov.uk)) and with independent advice from the Senior Salaries Review Body (SSRB).

In reaching its recommendations, the SSRB is to have regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on portfolios to meet the output targets for the delivery of portfolio services; and
- the funds available to portfolios as set out in the Scottish Government's portfolio expenditure limits.

Further information about the work of the SSRB can be found at [www.ome.uk.com](http://www.ome.uk.com).

Within the Scottish Government, the Top Level Pay Committee, comprising the Permanent Secretary, the Director-Generals and the Non-executive members of the Strategic Board, ensures that the Pay and Performance Management System (PPMS) policy falls within the parameters set by the SSRB and Cabinet Office.

The SCS Pay Strategy 2008 determined that the base pay award for all members of the Senior Civil Service whose performance is satisfactory would be 2%; non-consolidated performance related pay awards (ranging from £7,500 to £12,000) were also available for satisfactory performers within a pool scheme based on a ranking of performance in achieving agreed business objectives and contributing to corporate priorities. The Pay strategy is administered by a system of Pay Committees who determine salary and non-consolidated performance related pay recommendations based on assessments of performance.

#### Service Contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at [www.civilservicecommission.org.uk](http://www.civilservicecommission.org.uk).

## Remuneration and Staff Report

## Part Two: Audited Information

### Remuneration (including salary and pension entitlements)

Single total figure of remuneration:										
	Salary (£'000)		Bonus payments (£,000)		Benefits in kind (to nearest £100)		Pension benefits (£'000) <sup>iii</sup>		Total (£'000)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>Officials</b>										
<b>Chief Executive</b>										
Michael Cameron	70-75	70-75	-	-	-	-	30-35	15-20	100-110	85-90
<b>Executive Team</b>										
Ian Brennan	65-70	65-70	-	-	-	-	25-30	25-30	90-100	95-100
Christine Macleod	65-70	65-70	-	-	-	-	30-35	15-20	95-105	80-85
Iain Muirhead	65-70	60-65	-	-	-	-	25-30	10-15	90-100	75-80
<b>Board Members Fees (NMD)</b>										
Kay Blair (Chair)	20-25	20-25	-	-	-	-	-	-	-	20-25
Sid Patten	5-10	5-10	-	-	-	-	-	-	-	5-10
Simon Little	5-10	5-10	-	-	-	-	-	-	-	5-10
Lisa Peebles	5-10	5-10	-	-	-	-	-	-	-	5-10
Russell Pettigrew	5-10	5-10	-	-	-	-	-	-	-	5-10
Anne Jarvie	10-15	10-15	-	-	-	-	-	-	-	10-15
Mike Dailly	5-10	5-10	-	-	-	-	-	-	-	5-10

#### Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by SHR and thus recorded in these accounts.

#### Benefits in kind

The monetary value of benefits in kind covers any benefits provided by SHR and treated by HM Revenue and Customs as a taxable emolument.

#### Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2015/16 relate to performance in 2015/16 and the comparative bonuses reported for 2014/15 relate to the performance in 2014/15.

<sup>iii</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

Pay multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in SHR in the financial year 2015/16 was £70,000-75,000 (2014/15, £70,000-75,000). This was 1.7 times (2014/15, 1.8) the median remuneration of the workforce, which was £41,596 (2014/15, £41,184).

In 2015/16, 0 (2014/15, 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £19,600 to £72,000 (2014/15, £19,000-£72,000).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

**The Cash Equivalent Transfer Value (CETV)**  
A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

**The real increase in the value of the CETV**  
This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

	Accrued Pension (P) at pension age and Lump Sum (LS) at 31/03/2016 £000 Band	Real Pension Increase (P) and Lump Sum (LS) at pension age £000 Band	CETV at 01/04/2016 £000	CETV At 31/03/2015 £000	Real Increase in CETV £000
<b>Ian Brennan</b> Director of Regulation: Finance and Risk	10-15 (P) 0 (LS)	0-2.5 (P) 0 (LS)	169	134	15
<b>Michael Cameron</b> Chief Executive	25-30 (P) 75-80 (LS)	0-2.5 (P) 0-2.5 (LS)	491	431	16
<b>Christine Macleod</b> Director of Regulation: Governance and Performance	25-30 (P) 75-80 (LS)	0-2.5 (P) 0-5 (LS)	578	511	29
<b>Iain Muirhead</b> Director of Strategy and Communications	15-20 (P) 40-45 (LS)	0-2.5 (P) 0-2.5 (LS)	258	219	13

**Civil Service Pensions**  
Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (**classic**, **premium** or **classic plus**); or a whole career scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 1.5% and 6.25% of pensionable earnings for **classic** and 3.5% and 8.25% for **premium**, **classic plus** and **nuvos**.

Increases to employee contributions will apply from 1 April 2014. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

Further details about the Civil Service pension arrangements can be found at the website: [www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)



**Staff Report**  
**Audited Information**  
**Staff Costs**

	Permanently employed staff	Others	2015-16 £000 Total	2014-15 £000 Total
Wages and salaries	2,146	-	2,146	2,072
Social security costs	193	-	193	189
Other pension costs	467	-	467	431
Inward secondments	-	17	17	27
Temporary staff	-	19	19	8
Movement in short term employee benefits	53	-	53	(14)
Early retirement	(15)	-	(15)	25
<b>Total net costs</b>	<b>2,844</b>	<b>36</b>	<b>2,880</b>	<b>2,738</b>

Pension benefits are provided through the Civil Service pension arrangements. The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. The Scottish Housing Regulator is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the scheme as at 31 March 2015. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation at: [www.civilservicepensionscheme.org.uk/about-us/resource-accounts](http://www.civilservicepensionscheme.org.uk/about-us/resource-accounts).

During the year ended 31 March 2016, employers' contributions of £0.466m (2015 £0.431m) were payable to the PCSPS at one of four rates in the range 16.7 to 24.3 per cent of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2015-16 to be paid when the member retires and not the benefits paid during this period to existing pensioners.



Average number of persons employed

	Permanently employed staff	Others	2015-16 Total	2014-15 Total
Directly employed	48.0	-	48.0	47.6
Other	-	1.2	1.2	0.8
Staff engaged on capital projects	-	-	-	0.8
Total	48.0	1.2	49.2	49.2

Number of Senior civil service staff employed

Band	2015-16 Total	2014-15 Total
SCS - Deputy Director 1	1	1

Gender Balance

At the end of the 2015/16 financial year, the number of persons of each sex who were Board Members, Senior Managers and employees was as follows:

-	Female	Male
Board Members	3	3
Executive Team (including Chief Executive)	1	3
Employees	35	15

Sickness absence data

The average total number of sick days per full time employee in 2015/16 was 9.6 days (8.56 days – 2014/15).

Employment of disabled people

We adhere to Scottish Government recruitment policies which ensure that all disabled applicants who meet the minimum advertised criteria for a job vacancy will be invited to interview. Disabled candidates are guaranteed the chance to be judged along with everyone else on their abilities.

Reporting of Civil Service and other compensation schemes – exit packages

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0 (0)	0 (0)	0 (0)
£10,000 - £25,000	0 (0)	0 (<5)	0 (<5)
£25,000 - £50,000	0 (0)	0 (0)	0 (0)
£100,000 - £150,000	0 (0)	0 (0)	0 (0)
£150,000 - £200,000	0 (0)	0 (0)	0 (0)
Total Number of exit packages	0 (0)	0 (<5)	0 (<5)
Total resources cost / £000	0 (0)	0 (24.6)	0 (24.6)

(Comparative figures for 2014/15 are in brackets)

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the Scottish Housing Regulator has agreed early retirements, the additional costs are met by the Scottish Housing Regulator and not by the Civil Service Pension Scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Expenditure on consultancy

We incurred expenditure of £295k on external consultancy in 2015/16. This equates to 7.1% of our total annual expenditure. We commissioned a range of projects, including expert advice to support our regulatory activities, a programme of work with our National Panel of Tenants and consultancy support for the development of our regulatory IT systems.



# Parliamentary Accountability Report

SHR is a Non-Ministerial Department (NMD) and part of the Scottish Administration, with direct accountability to the Scottish Parliament. Whilst our accounts are not consolidated with those of the Scottish Government, we liaise with Scottish Government finance colleagues on a regular basis to provide them with information relating to our expenditure and anticipated outturn. Our Framework Agreement sets out our relationship with Scottish Ministers.

## Statement of Losses and Special Payments

No losses or special payments were incurred by the Scottish Housing Regulator during the year ended 31 March 2016.

These accounts were authorised for issue on the same date as the Independent Auditor's report.



Michael Cameron  
Chief Executive  
16 August 2016





# Independent Auditor's Report

## Independent auditor's report to the members of the Scottish Housing Regulator, the Auditor General for Scotland and the Scottish Parliament

I have audited the financial statements of the Scottish Housing Regulator for the year ended 31 March 2016 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity for the year and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2015/16 Government Financial Reporting Manual (the 2015/16 FReM).

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

## Respective responsibilities of the Accountable Officer and auditor

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income.

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors. I am also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the organisation's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. It also involves obtaining evidence about the regularity of expenditure and income. In addition, I read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements, irregularities, or inconsistencies I consider the implications for my report.

## Independent Auditor's Report

## Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2016 and of its net operating cost for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

## Opinion on regularity

In my opinion in all material respects:

- the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

## Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and

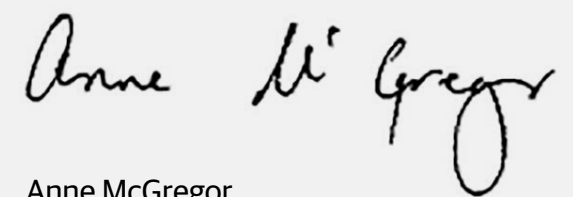
- the information given in About Us, A message from our Chair and Chief Executive and the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration and Staff Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Governance Statement does not comply with guidance from the Scottish Ministers.

I have nothing to report in respect of these matters.



Anne McGregor  
Senior Audit Manager  
Audit Scotland  
4th Floor, South Suite, The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

17 August 2016

# Financial Statements

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2016

Administration costs	Note	2015-16 £000	2014-15 £000
Staff costs		2,880	2,738
Other administrative costs	2	1,298	1,185
<b>Total</b>		<b>4,178</b>	<b>3,923</b>
<b>Net operating cost</b>		<b>4,178</b>	<b>3,923</b>

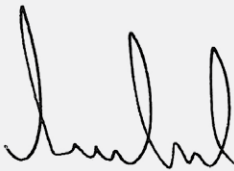
The Scottish Housing Regulator has made no gains or losses during the period, other than as reported above.

The results for the year ended 31 March 2016 derive from the ordinary activities of the Scottish Housing Regulator, all of which are continuing.

## Financial Statements

## Statement of Financial Position as at 31 March 2016

	Note	2016 £000	2015 £000
<b>Non-current assets:</b>			
Property, plant and equipment	3	92	149
Intangible assets	4	1,193	1,271
<b>Total non-current assets</b>		<b>1,285</b>	<b>1,420</b>
<b>Current assets:</b>			
Cash and cash equivalents	6	1	1
<b>Total current assets</b>		<b>1</b>	<b>1</b>
<b>Total assets</b>		<b>1,286</b>	<b>1,421</b>
<b>Current liabilities</b>			
Trade and other payables	7	(241)	(299)
Provisions	8	(51)	(50)
<b>Total current liabilities</b>		<b>(292)</b>	<b>(349)</b>
<b>Non-current assets less net current liabilities</b>		<b>994</b>	<b>1,072</b>
<b>Non-current liabilities</b>			
Provisions	8	(62)	(114)
<b>Total non-current liabilities</b>		<b>(62)</b>	<b>(114)</b>
<b>Assets less liabilities</b>		<b>932</b>	<b>958</b>
<b>Taxpayers' equity:</b>			
General Fund		932	958
<b>Total taxpayers' equity</b>		<b>932</b>	<b>958</b>



Michael Cameron  
Chief Executive  
16 August 2016



**Statement of Cash Flows  
for the year ended 31 March 2016**

	Note	2015-16 £000	2014-15 £000
<b>Cash flows from operating activities</b>			
Net operating cost		(4,178)	(3,923)
<b>Adjustments for non-cash transactions:</b>			
Depreciation and amortisation	3,4	302	230
Auditor's remuneration	9	18	19
<b>Movement in working capital:</b>			
Increase / (decrease) in trade and other payables	7	(58)	(148)
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		(14)	(87)
Use of provisions	8	(50)	(48)
<b>Net cash outflow from operating activities</b>		<b>(3,980)</b>	<b>(3,957)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment		(19)	(1)
Purchase of intangible assets		(135)	(415)
<b>Net cash outflow from investing activities</b>		<b>(154)</b>	<b>(416)</b>
<b>Cash flows from financing activities</b>			
Scottish Government funding		4,134	4,373
<b>Net financing</b>		<b>4,134</b>	<b>4,373</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>0</b>	<b>0</b>
Cash and cash equivalents at beginning of period	6	1	1
Cash and cash equivalents at end of period	6	1	1

**Statement of Changes in Taxpayers' Equity  
for the year ended 31 March 2016**

	Note	General Fund £000	Total Reserves £000
<b>Balance at 1 April 2014</b>		<b>489</b>	<b>489</b>
Non-cash charges – auditor's remuneration	9	19	19
Comprehensive expenditure for the year		(3,923)	(3,923)
Net funding		4,373	4,373
<b>Balance at 31 March 2015</b>		<b>958</b>	<b>958</b>
Non-cash charges – auditor's remuneration	9	18	18
Comprehensive expenditure for the year		(4,178)	(4,178)
Net funding		4,134	4,134
<b>Balance at 31 March 2016</b>		<b>932</b>	<b>932</b>

# Notes to the Accounts

## Notes to the Accounts

### 1. Accounting Policies

The financial statements have been prepared in accordance with the 2015-16 Government Financial Reporting Manual (FReM). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Scottish Housing Regulator for the purposes of giving a true and fair view has been selected. The particular policies adopted by the Scottish Housing Regulator are described below. The policies have been applied consistently in dealing with items considered material to the accounts.

#### 1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets where material, at their value to the organisation by reference to their current costs.

#### 1.2 Going Concern

The financial statements for the year ended 31 March 2016 show a surplus on the general fund of £0.932m (14-15 – surplus of £0.958m). This has arisen as a result of the requirement to account for the activities of the Scottish Housing Regulator on an accruals basis, whilst recording funding from the Scottish Government on a cash basis. Net current liabilities will be funded by the Scottish Government as they arise. As a consequence, these financial statements have been prepared on a going concern basis.

### 1.3 Administration and Programme Expenditure

The Statement of Comprehensive Net Expenditure is analysed between administration and programme expenditure. The classification of expenditure as administration or programme follows the definition of administration costs set out in Consolidated Budgeting Guidance 2015-16 by H M Treasury.

#### 1.4 Non-Current Assets

##### 1.4.1 Property, Plant and Equipment

The minimum level for capitalisation of non-current assets is £5,000. Where multiples are purchased together, and individual values are less than £5,000, they are capitalised if their collective value exceeds £5,000.

Non-current assets are depreciated on a straight line basis at rates sufficient to write-off the cost of the individual assets over their estimated useful lives, which are considered to be:

- ICT Equipment, 3 years
- Bespoke ICT Equipment, 3 years

ICT assets are carried at valuation in existing use. Depreciated historical cost has been used as the proxy for valuation in existing use for ICT equipment as it is not practicable to obtain valuations due to the low values and high volumes of this class of assets.

##### 1.4.2 Intangible Assets

The minimum level for capitalisation of intangible assets is £5,000. Where multiples are purchased together, and individual values are less than £5,000, they are capitalised if their collective value exceeds £5,000.

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended. Subsequently, they are measured at depreciated replacement cost. This is a proxy for fair value.

Software licences are disclosed separately as intangible assets in accordance with the FReM.

Intangible assets are amortised on a straight line basis at rates sufficient to write off the costs of the individual assets over their estimated useful lives, which are considered to be:

- Computer software – internally developed, 7 years
- Computer software – licences, 3 years or life of licence if shorter

#### 1.5 Leases

The Scottish Housing Regulator leases part of a floor within a Scottish Government leased building. This lease is an operating lease and the rentals payable in that respect are charged to the statement of comprehensive net expenditure on a straight line basis over the term of the lease.

#### 1.6 Provisions

Provisions are made to the extent that the Scottish Housing Regulator meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The Scottish Housing Regulator provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated future years' payments.

### 1.7 Trade Payables

The Scottish Housing Regulator's policy is to pay all invoices, not in dispute, within 10 days of receipt. The Scottish Housing Regulator aims to pay 100% of invoices, including disputed invoices, once any dispute has been resolved, on time in these terms.

### 1.8 Value Added Tax

Operating costs are stated net of VAT where VAT is recoverable by the Scottish Housing Regulator.

The Scottish Housing Regulator is registered for VAT as part of the Scottish Government, which is responsible for recovering VAT from HM Revenue & Customs.

### 1.9 Pensions

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit scheme is unfunded and is non-contributory except in respect of dependants' benefits. The Scottish Housing Regulator recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution scheme, the Scottish Housing Regulator recognises the contributions payable for the year.

### 1.10 Income

The Scottish Housing Regulator does not undertake any income generating activities.

**1.11 Short Term Employee Benefits**

A liability and an expense is recognised for holiday days, holiday pay, bonuses and other short-term benefits when the employees render service that increases their entitlement to these benefits. As a result accruals have been charged for holidays and flexi time earned but not taken at the year end.

**1.12 Post Balance Sheet Events**

There have been no post balance sheet events of which the Scottish Housing Regulator is aware.

**1.13 Impact of New Accounting Standards Issued But Not Yet In Effect**

International Accounting Standard (IAS) 8 requires disclosure of information on the expected impact of applying new accounting standards that have been issued but are not yet in effect.

A number of new accounting standards have been issued or amendments made to existing standards, but have not yet been applied in these financial statements. The standards that are considered relevant and the anticipated impact on the Scottish Housing Regulator's accounts are as follows:

**IAS 16 – Property, Plant and Equipment**

This will apply for all accounting periods commencing on or after 1 January 2016. The standard has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate. This will not have an impact on the financial statements.

**IAS 38 – Intangible Assets**

This will apply for all accounting periods commencing on or after 1 January 2016. The standard has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate. This will not have an impact on the financial statements.

**IFRS 9 – Financial Instruments**

This will apply for all accounting periods commencing on or after 1 January 2018. The standard introduces a principle-based method for the classification and measurement of financial assets as well as introducing new requirements for impairment and hedge accounting. The impact on the financial statements has not yet been determined.

**IFRS 16 – Leases**

This will apply for all accounting periods commencing on or after 1 January 2019. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer ('lessee') and the supplier ('lessor'). The impact on the financial statements has not yet been determined.

**2. Other Administrative Costs**

	2015-16 £000	2014-15 £000
Accommodation expenses	337	335
Travel and subsistence	31	27
IT costs	167	164
Support and consultancy	154	148
Conferences and seminars	18	14
Stakeholder engagement	46	23
Marketing	24	30
Professional fees and subscriptions	4	5
Non-executive board members' fees & expenses	80	89
Training and development	69	64
Catering	7	7
HR and recruitment costs	5	1
Office expenses	36	29
Auditor's remuneration (notional charge – note 9)	18	19
Depreciation and amortisation	302	230
<b>Total</b>	<b>1,298</b>	<b>1,185</b>

Auditor's remuneration relates to a charge notified by Audit Scotland in respect of audit work carried out during 2015-16. No other services were supplied by Audit Scotland during the year ended 31 March 2016.

3. Property, Plant and Equipment

	ICT Equipment £000	2016 Total £000
<b>Cost</b>		
At 1 April 2015	249	249
Additions	19	19
Disposals	(2)	(2)
<b>At 31 March 2015</b>	<b>266</b>	<b>266</b>
<b>Depreciation</b>		
At 1 April 2015	100	100
Charged in year	75	75
Disposals	(2)	(2)
<b>At 31 March 2015</b>	<b>173</b>	<b>173</b>
<b>Carrying value at 31 March 2015</b>	<b>149</b>	<b>149</b>
<b>Carrying value at 31 March 2016</b>	<b>93</b>	<b>93</b>

	ICT Equipment £000	2015 Total £000
<b>Cost</b>		
At 1 April 2014	251	251
Additions	1	1
Disposals	(3)	(3)
<b>At 31 March 2015</b>	<b>249</b>	<b>249</b>
<b>Depreciation</b>		
At 1 April 2014	28	28
Charged in year	75	75
Disposals	(3)	(3)
<b>At 31 March 2015</b>	<b>100</b>	<b>100</b>
<b>Carrying value at 31 March 2014</b>	<b>223</b>	<b>223</b>
<b>Carrying value at 31 March 2015</b>	<b>149</b>	<b>149</b>

4. Intangible Assets

	Information Technology £000	Software Licences £000	2016 Total £000
<b>Cost</b>			
At 1 April 2015	1,303	123	1,426
Additions	149	-	149
Disposals	-	-	-
<b>At 31 March 2016</b>	<b>1,452</b>	<b>123</b>	<b>1,575</b>
<b>Amortisation</b>			
At 1 April 2015	115	40	155
Charged in year	186	41	227
Disposals	-	-	-
<b>At 31 March 2016</b>	<b>301</b>	<b>81</b>	<b>382</b>
<b>Carrying value at 31 March 2015</b>	<b>1,188</b>	<b>83</b>	<b>1,271</b>
<b>Carrying value at 31 March 2016</b>	<b>1,151</b>	<b>42</b>	<b>1,193</b>

	Information Technology £000	Software Licences £000	2015 Total £000
<b>Cost</b>			
At 1 April 2014	802	122	924
Additions	501	1	502
Disposals	-	-	-
<b>At 31 March 2015</b>	<b>1,303</b>	<b>123</b>	<b>1,426</b>
<b>Amortisation</b>			
At 1 April 2014	-	-	-
Charged in year	115	40	155
Disposals	-	-	-
<b>At 31 March 2015</b>	<b>115</b>	<b>40</b>	<b>155</b>
<b>Carrying value at 31 March 2014</b>	<b>802</b>	<b>122</b>	<b>924</b>
<b>Carrying value at 31 March 2015</b>	<b>1,188</b>	<b>83</b>	<b>1,271</b>



## 5. Financial Instruments

IFRS 7, Financial Instruments: Disclosures, requires disclosure of information about the significance of financial instruments held by the entity over the year and the nature and extent of risks arising from those financial instruments. The Scottish Housing Regulator is not exposed to the degree of financial risk faced by business entities because of the non-trading nature of its activities and the way in which it is funded. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. Financial assets and liabilities are generated by day to day operational activities and are not held to change the risks facing the entity in undertaking its activities.

## 6. Cash and cash equivalents

	2016 £000	2015 £000
Balance at 1 April 2015	1	1
Net change in cash and cash equivalent balances	0	0
<b>Balance at 31 March 2016</b>	<b>1</b>	<b>1</b>
<b>The following balances were held at 31 March 2016:</b>		
Commercial banks and cash in hand	1	1
<b>Balance at 31 March 2016</b>	<b>1</b>	<b>1</b>

## Liquidity Risk

The Scottish Parliament makes provision for the use of resources by the Scottish Housing Regulator in a Budget Act for each financial year. Cash authorisation is provided by the Scottish Government to the extent that expenditure is covered by budget authority. The Scottish Housing Regulator is not therefore exposed to liquidity risks.

## Fair Values

Assets and liabilities are carried at fair value in the Statement of Financial Position of the Scottish Housing Regulator. The Scottish Housing Regulator's financial assets consist of cash at bank (note 6). The financial liabilities consist of trade payables and other current liabilities (note 7).

## 7. Trade Payables and other current liabilities

	2016 £000	2015 £000
Trade Payables	48	90
Accruals	193	209
Other Payables	-	-
<b>Total</b>	<b>241</b>	<b>299</b>
<b>Intra-government balances</b>		
Balances with other central government bodies	-	-
Balances with bodies external to government	241	299
<b>Total</b>	<b>241</b>	<b>299</b>

## 8. Provisions for liabilities and charges at 31 March 2016

	Early Departure Costs £000	Other £000	Total £000	2015 £000
Balance at 1 April 2015	164	-	164	212
Provided in the year	-	-	-	-
Provisions not required written back	-	-	-	-
Provisions utilised in the year	50	-	50	48
Unwinding of discount	-	-	-	-
<b>Balance at 31 March 2016</b>	<b>114</b>	<b>-</b>	<b>114</b>	<b>164</b>

## Analysis of the expected timing of cash flows

	Early Departure Costs £000	Other £000	Total £000
Not later than 1 year	51	-	51
Later than 1 year and not later than 5 years	63	-	63
Later than 5 years	-	-	-
<b>Balance at 31 March 2016</b>	<b>114</b>	<b>-</b>	<b>114</b>

9. Notional Charges

	2016 £000	2015 £000
The following charge has been included in the accounts:		
Auditor's remuneration	18	19
<b>Total</b>	<b>18</b>	<b>19</b>

10. Related Party Transactions

The Scottish Housing Regulator is a Non Ministerial Department within the Scottish Administration. The Scottish Government is regarded as a related party. During the year, the Scottish Housing Regulator had various material transactions with the Scottish Government and with other entities for which the Scottish Government is regarded as a parent body.

In addition, the Scottish Housing Regulator has had a small number of material transactions with other government departments, central government bodies, local government, non-departmental public bodies and similar organisations.

During the year, apart from their service contracts, no Board member, key manager or related parties has undertaken any material transactions with the Scottish Housing Regulator.

11. Capital Commitments & Contingent Liabilities

No contracted capital commitments or contingent liabilities existed at 31 March 2016.

12. Leasing Commitments

At 31 March 2016, the total of future minimum lease payments under non-cancellable operating leases for each of the following periods were:

	2015-16 £000	2014-15 £000
<b>Obligations under operating leases for the following periods comprise:</b>		
<b>Buildings</b>		
Not later than one year	240	155
Later than one year and not later than five years	-	-
Later than five years	-	-
<b>Total</b>	<b>240</b>	<b>155</b>
<b>Other</b>		
Not later than one year	7	14
Later than one year and not later than five years	1	2
Later than five years	-	-
<b>Total</b>	<b>8</b>	<b>16</b>

13. Other Financial Commitments

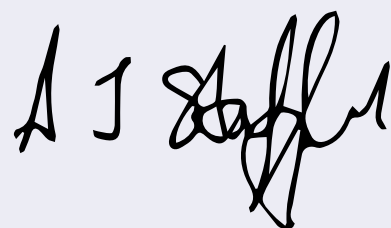
The Scottish Housing Regulator has entered into non-cancellable contracts (which are not leases) for the provision of support services to the Business Intelligence System. The total payments to which the Scottish Housing Regulator is committed are as follows:

	2015-16 £000	2014-15 £000
Not later than one year	199	113
Later than one year and not later than five years	299	476
Later than five years	-	-
<b>Total</b>	<b>498</b>	<b>589</b>

**Scottish Housing Regulator**

**Direction by the Scottish Ministers  
in accordance with section 19(4) of the Public Finance  
and Accountability (Scotland) Act 2000**

1. The statement of accounts for the financial year ended 31 March 2009 and subsequent years shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
2. The accounts shall be prepared so as to give a true and fair view of the income and expenditure, recognised gains and losses, and cash flows for the financial year, and of the state of affairs as at the financial year.
3. This direction shall be reproduced as an appendix to the statement of accounts.



Signed by the authority of the Scottish Ministers

Dated: 11 March 2009



Scottish Housing Regulator  
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**[www.scottishhousingregulator.gov.uk](http://www.scottishhousingregulator.gov.uk)**

