

**Scottish Housing
Regulator**



Helping to protect tenants and people who use the services of social landlords

Our annual report and accounts 2014/15

The Accountable Officer authorised these financial statements for issue on 25 August 2015

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About us

We are the independent Regulator of just under 200 social landlords – around 160 registered social landlords (RSLs) and 32 local authorities.

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

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** (2nd term), Chair from April 2011 to March 2019
- » **Anne Jarvie** Deputy Chair from March 2013 to March 2016
- » **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** from March 2013 to Feb 2017
- » **Wesley Mitchell** from April 2013 to Dec 2014

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 safeguard and promote
the interests of:**

around
600,000

tenants and their families who live in homes
owned and managed by social landlords;

around
40,000

people and their families who seek help
from local authorities each year as a result of
homelessness or potential homelessness;

around
93,000

owners who receive services
from social landlords; and

over **500**

Gypsy/Traveller families who live on
29 sites provided by social landlords.

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The last year

Last year was challenging but effective for us, as we sought to build on our objective to protect the interests of tenants, homeless people and others who use the services provided by social landlords. The operating climate, both for us and social landlords, is not easy, as financial pressures increase and new risks emerge. We have, nevertheless, achieved what we set out in our Corporate Plan, and we will use this strong platform to develop further over the next three years. Again, our focus will be on good services, strong financial health and effective governance.

During the past year no RSL became insolvent and we reported that most RSLs are managing their resources to ensure their financial well-being. Lenders continued to comment favourably on the effectiveness of our approach, with one estimating that our regulation saved RSLs around £40 million in interest rate charges. Maintaining the confidence of lenders and investors remains an important priority for us.

One of the main milestones of the year was the publication of Landlord Reports on the Scottish Social Housing Charter which give landlords and tenants alike valuable insight into performance and outcomes. Our comparison website tools have also enabled people to compare and contrast performance relative to peers. In developing these reports and tools, we engaged with tenants to ensure the reports reflected their priorities. We will continue to develop the Landlord Reports to ensure they meet identified needs.

Our thematic inquiry work on housing options and the prevention of homelessness was another important milestone. Stakeholders, such as the Scottish Government and local authorities, welcomed the challenging report we published and have committed to work together to tackle the recommendations we made. We will continue to scrutinise progress.

We undertook 67 regulation plans with RSLs and, as a result of the Shared Risk Assessment for local authorities, engaged with 21 councils around the quality of service to tenants and homeless people and the quality of their homes. We also used our statutory intervention powers for the first time last year in two different RSLs with serious governance and financial problems. In each case we acted proportionately, but also decisively and assertively to protect the interests of tenants.



We believe that landlords will see increasing demands on their governance, resources and management of risks as they work in a more challenging environment, and as many of them become more complex and diverse organisations. We will continue to work hard to protect the interests of tenants and others, by providing them with good information on their landlord's performance, by maintaining the confidence of lenders and investors, and by intervening when and where we need to.

We thank our Board members, staff and lay tenant assessors for their continued dedication, hard work and resilience. We also thank all our stakeholders for their engagement with us throughout the year.

We look forward to working with all our stakeholders, recognising our shared goal to deliver for tenants, homeless people and others who use social landlords' services.

A handwritten signature in black ink, reading "Kay Blair".

Kay Blair
Chair

A handwritten signature in black ink, reading "Michael Cameron".

Michael Cameron
Chief Executive

Our impact & outcomes

We helped to:

safeguard
£7.5bn of public money

protect
£12.4bn of housing assets

raise awareness of
good governance

maintain **lender confidence**

Some outcomes

- » Our reports on Charter performance and online tools give tenants better information to help them compare their landlord's performance.
- » Stakeholders, led by the Scottish Government and local authorities, are developing national guidance on housing options, following our thematic inquiry.
- » We regulated RSLs and councils proportionately: our direct engagement strengthened governance in 13 RSLs and gave us financial assurance in 45 RSLs. We also engaged with 21 local authorities around stock and service quality.
- » We are strengthening governance through statutory intervention in two RSLs to protect the interests of tenants and other service users.
- » Landlords tell us 95% of tenants' homes met the SHQS.
- » Lenders and investors are confident to invest in social housing.
- » Lenders' confidence in our work generates RSL interest savings of up to £40 million every year.
- » We delivered new systems to capture and analyse landlords' data reducing the burden on landlords and improving our effectiveness.
- » We consulted on streamlining our regulatory guidance to reduce the burden on landlords and improve our effectiveness.
- » We committed to increased transparency to help inform stakeholders more fully of our regulatory approach.
- » We achieved 1,000 newsletter subscribers, 500 twitter followers and 98,000 website visits.

Tenants and service users

We understand tenants' and service users' priorities and concerns and reflect these in our work.

- » Over 400 tenants and service users are on our National Panel of tenants and service users.
- » Our lay tenant assessors help us keep a tenant perspective in our work.
- » Tenant representatives work with us on our RTO Regional Network Liaison Group.
- » We are grateful for and value all the input from tenants and service users.

Tenants' voices

On our landlord Charter performance reports and comparison tools

"simple to read and easy to understand"

"Very professional"

"Adds a lot to reporting of landlord performance"

"It makes you bolder (if you know) what the service should do"

"I did not know that anything like this existed, the information is second to none"

"It's essential we all know how landlords are doing and to get to this information in a way we're not always reliant on tenant representative groups. With this in mind the availability of Landlord reports online can only be a good thing but it's also vitally important that social housing providers also pass on the results themselves"



How tenants shaped our work

Tenants tell us:

- » repairs, maintenance and dealing with anti-social behaviour are the most important social landlord services;
- » value for money, responsiveness to individuals' needs and communication are important; and
- » they are well informed about their own landlord's performance and want to see performance information.

What we did to reflect these views

We co-produced our first reports about social landlords' performance against the standards and outcomes of the Scottish Social Housing Charter with tenants from our National Panel, the RTO network and from our lay tenant assessors. Our reports focused on the things they told us matter most: homes and rents, tenant satisfaction, quality and maintenance, neighbourhoods and value for money.

We used input from tenants and other service users to direct the focus of our National Charter analysis. Our analysis focused on the relationship between tenant satisfaction and a range of performance indicators.

We set out a programme of thematic inquiries to help us better understand performance in the areas that tenants told us are important. Our thematic work helps to share positive practice and make recommendations to landlords in their progress towards the standards and outcomes of the Scottish Social Housing Charter.

We are grateful for and value all the input from tenants and service users.

We will build on this work in following years, using the intelligence we glean to refine our regulatory approach and add further insight to our regulatory assessments.



1. Landlords achieve the outcomes and standards in the Scottish Social Housing Charter

We monitor, assess, and report on how landlords are performing against the Scottish Government's Scottish Social Housing Charter outcomes and standards.

What we did to achieve this - highlights from the year

Collecting and reporting on the Scottish Social Housing Charter

We successfully collected the first Annual Returns on the Charter from all landlords through our new online portal. We are grateful to all those we worked with to develop the portal.

We used this information to publish a Landlord Report for each landlord and an interactive, web-based, comparison tool covering all social landlords. We developed the reports in collaboration with tenants. We produced a short video, available on our website, to help people get the most out of these easy-to-use comparison tools.


We also published all the Charter data so anyone can use it to analyse and compare the performance of social landlords.

We required every landlord to provide every tenant with our Landlord Report, recognising that not everyone can access the web or will want to use online information. We also asked landlords to provide their tenants with a full report on their performance on the Charter.

We used the Charter information in our risk assessment of RSLs and local authorities.

We published our first national analysis of all the Charter data, with a strong focus on tenant satisfaction. Overall 88% of tenants of Scottish social landlords are satisfied with the service provided by their landlord, and the service areas most closely linked with tenant satisfaction are:

- » keeping tenants informed along with opportunities to participate;
- » the quality of homes and good neighbourhood management; and
- » the time taken to complete non-emergency repairs and the quality of repairs.



Tenants and the wider public, landlords, policy makers and researchers can now easily access a wider range of landlord performance information than before. This allows them to compare; and it empowers tenants to hold their landlord to account.

Our website had a fivefold increase in the number of visitors, and we have had excellent feedback about the reports and comparison tools. 93% of landlords told us the portal is easy to use; in this way, we are minimising demands on landlords.

Significant Performance Failures

Our publication "Performance Matters" highlighted that landlords are informing their tenants about how they can raise **Significant Performance Failures** with the Regulator. This important protection for tenants means they can report a failing by their landlord which affects many or all of the landlord's tenants. During 2014/15 tenants reported six Significant Performance Failures to us.

Our first inquiry into a reported significant performance failure found that there had been a Significant Performance Failure by Cairn Housing Association, because it did not consult with its tenants before making a decision to re-designate their homes as retirement housing. Cairn fully accepted our findings and took quick action to address the matter.

Thematic inquiries

Housing Options in Scotland

We published a thematic report on Housing Options in Scotland. We called for national guidance to support local authorities to deliver good housing options and help people make informed housing choices.

The report was widely welcomed by stakeholders. The Scottish Government and local authorities are now using our report to develop national guidance.

Margaret Burgess, Minister for Housing and Welfare said: "We welcome the Scottish Housing Regulator's report and its recommendations on improving the delivery of the relatively new, and developing, approach to housing options in Scotland. We will now work with our partners in local authorities and with other stakeholders to consider and implement the report's recommendations, such as the development of enhanced guidance."

In December 2014 we launched a thematic inquiry to look at services to Gypsy/Travellers provided by 20 social landlords who manage and operate sites. We used the Charter data to identify significant variations in performance across landlords. We will publish a report in 2015.

In March 2015 we announced a programme of **thematic inquiries** on repairs, gas safety, rent consultation, factoring, customer standards and complaints as well as how landlords deliver services in a way that is fair, open and accessible. This will help us understand performance in areas that tenants and service users tell us are priorities. We will share positive practice and make recommendations to help landlords improve and meet the Charter.

Affordable rents

At the start of the year we called for all landlords to consider how to keep tenants' rents affordable. The Chartered Institute of Housing led a debate over the year. In March 2015 we reported that the proportion of RSLs planning a rent increase above inflation over the medium term has reduced from 64% to 56%.

"CIH Scotland very much welcomes the Regulator's call for a national discussion over how Scotland's social landlords keep rents affordable for tenants."

Chartered Institute of Housing in Scotland,

Service Quality

We worked with 23 RSLs and 15 local authorities to get further assurance that they were delivering good services for tenants. Most of the landlords were able to give us the necessary assurance.

Housing Quality

We monitor landlords' achievement of the **Scottish Housing Quality Standard** (SHQS) through Charter returns and we publish a summary of performance in our National Report. Landlords have invested £350 million to bring their stock up to the standard. Landlords told us that 95% of properties should have met the standard at 31 March 2015, with landlords claiming exemptions and abeyances for the rest. We plan to engage with 16 RSLs and 8 local authorities on the SHQS in 2015/16. We will continue to report on the SHQS in our annual national report on the Charter.

We published guidance on our approach to monitoring and reporting on social landlords' compliance with the Scottish Government's **Energy Efficiency Standard** for Social Housing (EESH). EESH will contribute to carbon emissions reduction targets set in the Climate Change (Scotland) Act 2009.

2. RSLs are well governed and in good financial health

Good governance and financial health underpin RSLs' ability to deliver good services, drive improvements and deal with challenging times.

Most RSLs are well governed and are continuing to manage their resources to ensure their financial well-being, despite all the economic challenges. This, together with our work with individual landlords in difficulties, helped to ensure that there were no RSL business failures during 2014/15. In this way current and future tenants' interests, and £12.4bn of social housing assets, are protected.

What we did to achieve this — highlights from the year

Using our Statutory Intervention Powers

We used our intervention powers for the first time in December 2014 in two RSLs – Wellhouse Housing Association and Muirhouse Housing Association – to protect the interests of tenants and other service users. We only use our statutory intervention powers in the most serious of cases.

We published a regulation plan for each RSL detailing our concerns and how we will work with the RSL to resolve them. We will publish more information about both cases at an appropriate time.

Wellhouse Housing Association, Glasgow

An independent investigation commissioned by the RSL found serious weaknesses in its governance and financial management. We judged the situation an immediate risk to tenants' interests and to the broader reputation of RSLs. We appointed a manager to ensure Wellhouse had the support it needed to strengthen its governance and ensure it complies with our regulatory standards.

Muirhouse Housing Association, Edinburgh

We identified a serious and urgent risk to the financial health of Muirhouse and serious weaknesses in its governance and financial management. This was an immediate risk to tenants' interests, to public and private funders' confidence and to the broader reputation of RSLs. We appointed a manager and three governing body members; this was the most proportionate way to ensure Muirhouse had the support it needs to meet our regulatory standards.

Engagement with RSLs on governance and financial health

In 2014 we published regulation plans for 67 RSLs, around 40% of all RSLs. We sought assurance on financial health in 45 RSLs and on governance in 13 RSLs.

Regulatory Guidance

We launched a major consultation on proposed changes to some of our operational regulatory guidance. Our proposals drew directly on feedback from landlords, reflected our own experiences of using the guidance and took into account changes introduced by the Housing (Scotland) Act 2014. We aim to further streamline and simplify our requirements with refreshed guidance in 2015.

De-registration

Seventeen Abbeyfield Societies applied for voluntary de-registration from the register of social landlords in 2014. We de-registered the Societies after we were assured that residents had been consulted and that their interests are protected. The Care Inspectorate will continue to be the principal regulator of the Societies.

Model Codes of Conduct

We endorsed the SFHA's model **codes of conduct** for RSL governing body members and staff. These promote standards of behaviour and conduct to meet our Regulatory Standards. Good conduct is critical to well governed organisations.

Governance Matters events and publications

We evaluated our second series of Governance Matters events. Governing body members from seven out of ten landlords attended and delegates told us it helped boost their skills and confidence.

Whistleblowing

We became designated a proper authority to receive disclosures about social landlords from whistleblowers under the Public Interest Disclosure Act 1998. Any person whistleblowing to us is entitled to claim the protections set out in the Act.

During 2014/15 whistleblowers contacted us about six landlords. We took no action on two of the cases after we judged that they lacked sufficient evidence or credibility. We worked with the landlords to establish the facts in the other cases: in one, we found there was no basis for the allegations; concerns were substantiated in two of the cases and we are engaging with both landlords to seek assurance that the issues are addressed; and, the investigation in the final case is still on-going.

Impact of Welfare Reform

In April 2014 we published the findings of our third phase of research into the early impact of **Welfare Reform** on social landlords.

On Governance Matters

"We found the governance matters workshop extremely useful and appreciated the efforts of your colleagues in coming up to the Highlands and doing everything they could to make it such a success."

3. Lenders and public funders have confidence to continue to invest in social housing

Government grants account for £7.5 billion of housing assets on RSLs' balance sheets and private lending to RSLs stands at £3.5 billion.

It is in tenants' interests that lenders and investors are confident to provide funding at competitive rates to landlords to invest in homes. We help to maintain that confidence.

What we did to achieve this – highlights from the year

Investment in social housing

RSLs raised £318m of new loans in 2013/14. A major lender to the sector told us that our effective regulation may have a value that would equate to **a saving of up to £40 million every year** on the interest charges payable by RSLs. That would represent a tenfold return on the cost of regulation and is a significant benefit to landlords, tenants and the Scottish Government.

The Scottish Government advanced £229m in capital grants for RSLs to invest in social housing in 2013/14. We worked with the Government to help inform its investment decisions in social housing.

Bond Finance

We granted consent to Wheatley Housing Group in December 2014, allowing it to raise £250 million by issuing an AA rated public listed bond – a first for a Scottish RSL. Wheatley intends to use the money to increase the supply of affordable housing over the next seven years.

RSL financial health

Our **annual analysis of the finances of RSLs** found most are continuing to manage their resources to ensure their financial well-being, despite economic challenges. We reported that RSLs have a strong cash position which will reassure lenders and other stakeholders. We also stressed that uncertainty over the outlook for inflation means careful management and effective governance are more important than ever.

In December 2014 we published our **financial statistics** based on RSLs' audited accounts for the year ended 31st March 2014. We reported:

- » turnover for the sector increased by 3.3% to £1.318b;
- » operating costs were £1.103b, representing 84.7% of turnover;
- » staff costs at £403.7m remain the single largest item of operating expenditure;
- » total debt rose to £3.475b; and
- » actual interest cover increased to 101.2%.

We encouraged landlords to speak to lenders about the implementation of Financial Reporting Standard (FRS) 102 as changes may make it difficult to calculate the accounting ratios that underlie lender covenants on a consistent basis for some.

Engaging with lenders and others

We meet regularly with the Council of Mortgage Lenders and individual lenders.

This year we also met with the Pensions Trust and Pensions Regulator to help them understand our perception on funding and affordability issues around RSL pension schemes and to explain how we monitor and assess RSL financial health.

Guidance and Advice

Last year we:

- » wrote to stakeholders about a new duty for external auditors and reporting accountants to disclose **events of material significance** to us. We received one disclosure during the year;
- » issued a Regulatory Advice Note to all RSLs on **internal financial controls**; and
- » published, following consultation, a new **Determination of Accounting Requirements** in line with Financial Reporting Standard 102 and the revised Housing Statement of Recommended Practice.



We are a transparent, responsive and best value organisation

We aim to be transparent, visible and responsive. We want to deliver best value and align our resources to our priorities.

A transparent and responsive regulator

We publish **regulation plans** setting out the engagement we will have with RSLs and **local scrutiny plans** for local authorities, and we update these during the year.

We achieved all of our published responsiveness targets, including payment of all invoices within ten days.

We achieved substantial assurance from our internal auditors and an unqualified audit report from Audit Scotland.

Investment in our resources

We are a learning organisation, embedding lessons learned internally and sharing knowledge and experience. We invested just over £78,000 in developing the skills of our staff and Board during 2014/15.

We are grateful for Scottish Government's investment in our new business intelligence system, which includes the landlord portal and Charter tools. We are delivering the system effectively and within the funding provided.

"the SHR leadership and staff have tackled a number of significant areas, of a nature that have bedevilled many government organisations, taking them in their stride even though they have required management approaches and skills that are not core-business for the SHR."

The Independent Gateway Review Team

Specialist expertise

In 2014/15 we commissioned external expertise on: bonds, understanding new lending obligations for landlords, treasury management, business planning, long term solvency, pensions and communications.

Effective Communications

We communicate directly and early with our stakeholders to keep them informed and to gather their views. We promote our work through our electronic newsletter, SHR Update, on our website and to our twitter followers.

In October 2014 we welcomed the findings of independently-conducted research into how we communicate. We invited feedback from 270 organisations including: all RTOs, Regional Networks, all social landlords, representative bodies and other key stakeholders. We are using the feedback to enhance all our communications.

On the findings

"There are many positives around our core communications and constructive suggestions for further improvement. For all our publications, we will look to get the right messages over in the most effective way. The results help us understand our strengths and areas where we can further enhance our approach."

Michael Cameron, Chief Executive

Engagement with the Scottish Parliament

In May 2014 we held an event at the Scottish Parliament for stakeholders and MSPs, hosted by the Convenor of the Infrastructure and Capital Investment Committee. We are grateful to both the Convenor and the Minister for Housing and Welfare for speaking at the successful event.

We welcome scrutiny of our work by the **Scottish Parliament's Infrastructure and Capital Investment Committee**, as it is essential that we carry out our duties and work as Parliament intended:

- » In June 2014 we presented evidence on our thematic inquiry on housing options.
- » In January 2015 we presented our 2014 annual report to the Committee and had a good discussion on our effectiveness and how we might make changes to enhance our work to protect the interests of tenants and other service users; we provided an update to the Committee in June 2015.
- » We will present this annual report and our accounts to the Committee later in 2015..

Our vision, priorities & emerging risks to social housing

We published our new **corporate plan** 2015-2018 in April 2015.

VISION

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

LANDLORDS DELIVER GOOD SERVICES

FINANCIALLY HEALTHY RSLs

WELL GOVERNED RSLs

We will contribute to this by delivering effective regulation, focussing on our priorities. We published information on our annual work plan in May 2015.

We believe that landlords will see increasing demands on their governance, resources and management of risks as they work in a more challenging world and become more complex and diverse organisations.

Risks in social housing





The Scottish Housing Regulator Annual Accounts

For The Year Ended
31 March 2015



These accounts for the financial year 2014/15 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.

Strategic 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.

Principal Activities

Our *Corporate Plan 2012-15* 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 2014/15, following our annual regulatory assessments, we engaged actively with 67 RSLs and 15 local authorities. We also regulated the homelessness functions of the 32 Scottish local authorities.

Review of Business in 2014/15: Impacts, Outcomes, Emerging Issues and our Future Priorities

Our Operating Plan for 2014/15 was derived from our Corporate Plan 2012-15. Our impact and outcomes, and performance against our priorities are set out in our Annual Report 2014/15.

We are accountable to the Scottish Parliament for achieving our statutory objective. In June 2014 we presented evidence on our thematic study on housing options to the Parliament's Infrastructure & Capital Investment Committee. In January 2015 we presented our previous Annual Report for 2013/14 to the Committee, and were able to follow this up with further information on our work as requested. This information is available on both the Parliament website and our website. We updated the Committee in June 2015, and look forward to presenting our 2014/15 report and these accounts later in the year.

During 2014/15 we received confirmation of supplementary funding from the Scottish Government to increase our capacity and capability (£0.273m in 2014/15 and £0.341m in 2015/16). This reflects the greater demands on us in the current financial climate, due to increased risks in the social housing sector, our work on the Scottish Social Housing Charter, and an element of our increased IT costs.

Risks to the Delivery of our Principal Activities

Our approach to managing risk is described in detail in our Governance Statement on pages 30-33 of this report. In 2014/15 the following principal risks were identified as potentially having the greatest impact on our activities:

- » changes which may affect a large number of social landlords (such as welfare reform and the impact of pension costs on RSLs);
- » challenges where an RSL has serious financial problems; and
- » resource pressures around the development and implementation of our new business intelligence systems.

Financial Outturn

Our revenue budget in 2014/15 was £4.020m (2013/14 - £3.846m). We also had a capital budget of £0.300m for development of our new business intelligence systems and non-cash cover of £0.230m for depreciation of IT assets.

We redirected £0.160m 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 £3.860m and our non-cash cover of £0.230m together, we spent £3.923m (2013/14 - £3.705m) resulting in savings of £0.167m (2013/14 - £0.141m).

Staff Costs

During 2014/15 we applied an average vacancy rate of 3% 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 £2.738m of our adjusted staff cost budget of £2.789m resulting in a marginal underspend of £0.051m.

Our overall staff costs in 2014/15 of £2.738m increased by £0.026m from £2.712m reported in 2013/14. This is due to us recruiting to new posts, provided for by the supplementary funding we received from the Scottish Government.

Non Staff Costs

We have reported outturn savings of £0.116m against our non-staff cost budget.

During 2014/15 we provided budgetary cover of £0.030m as contingency to enable us to respond to a small number of potential proposals from RSLs which would have required our regulatory consent. Due to the nature of these specific initiatives, and the rate at which they have progressed, we only incurred costs of £0.005m.

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 £0.013m.

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

We fully utilised our capital budget for the development, implementation and support of our new business intelligence systems (£0.300m plus £0.160m detailed above). This enabled:

- » our new landlord reports and online comparison tool to go live in August 2014;
- » our new online system for RSL financial projections to go live on 31 March 2015; and
- » enhancements to our landlord portal.

All public bodies face funding pressures in the coming years. Our budget for 2015/16 is £4.041m. The Scottish Government and Parliament will set our funding for 2016/17 and 2017/18 during 2015/16. We will finalise and implement our detailed planning for future years, matching our resources to our priorities. We will secure further efficiencies in our operating costs wherever possible.

Gender Balance

At the end of the 2014/15 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	4
Executive Team (Including Chief Executive)	1	3
Employees	35	17

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. Our health and safety procedures are in accordance with the Scottish Government's Health and Safety Management Systems and Procedures. We have trained Health and Safety Liaison Officers to provide support services and advice to staff. They liaise with the Health and Safety Liaison Officer from the House Team of Highlander House.

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 will refresh our Environmental Strategy and Action Plan during 2015/16.

Social and community issues

During 2014/15 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 lay tenant assessors as part of our commitment to involve service users in our scrutiny work.

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

Directors' Report

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.

Details of Board membership and the framework in place for Board appointments, appraisal and review of the Board's effectiveness are described in our Governance Statement on pages 30-33 of this report.

The Board met eight times in 2014/15 to fulfil its role. Minutes of the meetings, our Board Code of Conduct and Board members' registers of interest are publicly available on our website. Additional workshops and strategy days were held to consider a wide range of topics, including regulatory policy development, corporate governance matters and the development of our new Corporate Plan 2015-18.

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 2014/15 and all meetings were quorate. Membership of the Committee and its specific responsibilities are described in the Governance Statement on pages 30-33 of this report.

The Executive Team

The Executive Team comprises the senior managers of the organisation who have responsibility for the operational delivery of our work, consistent with the Board's strategic direction. Throughout 2014/15 our Executive Team received regular reports to monitor progress against the objectives in our Corporate Plan 2012-15 and annual operating plan, and to ensure the effective management of risk.

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 on page 25.

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 2012-15 and annual operating plans.

During 2014-15 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 new programme of professional regulation training in March 2015, open to all staff, with the opportunity for people to achieve accreditation.

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.

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.

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.

Sickness absence data

The average total number of sick days per full time employee in 2014/15 was 8.56 days (3.7 days - 2013/14). We understand the reasons for this and there is no cause for concern.

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 2014/15.

Appointment of auditors

Audit Scotland audited our accounts. A detail of the Audit Scotland notional fee of £18,820 is shown at note 11. Audit Scotland supplied no other services during the year. The Scottish Government internal audit department provided internal audit services.

Disclosure of relevant audit information

As Accountable Officer, 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.

Significant changes in non-current assets

The movements in non-current assets are set out in notes 4 and 5 to the financial statements. The capital costs associated with our Business Intelligence System have significantly added to our net asset base, increasing this to £0.958m in 2014/15 from £0.489m in 2013/14. 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 notes 1.9 and 13 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 2015, 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.

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



Michael Cameron

Chief Executive
25 August 2015

Remuneration 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) 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.

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%; nonconsolidated 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

Remuneration (including salary and Pension Entitlements)

Part Two: Audited Information

Remuneration

Single total figure of remuneration:

	Salary (£,000)		Bonus Payments (£,000)		Benefits in kind (to nearest £100)		Pension benefits (£,000) ¹		Total (£,000)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Officials										
Chief Executive										
Michael Cameron	70-75	70-75					15-20	0-5	85-90	70-75
Executive Team										
Ian Brennan	65-70	65-70					25-30	25-30	95-100	90-95
Christine Macleod	65-70	65-70					15-20	5-10	80-85	70-75
Iain Muirhead	60-65	60-65					10-15	10-15	75-80	75-80
Board Members Fees (NMD)										
Kay Blair (Chair)	20-25	20-25							20-25	20-25
Sid Patten	5-10	5-10							5-10	5-10
Simon Little	5-10	5-10							5-10	5-10
Lisa Peebles	5-10	5-10							5-10	5-10
Russell Pettigrew	5-10	5-10							5-10	5-10
Anne Jarvie	10-15	5-10							10-15	5-10
Mike Dailly	5-10	5-10							5-10	5-10
Wesley Mitchell	5-10	5-10							5-10	5-10

¹ 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.

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 2014/15 relate to performance in 2014/15 and the comparative bonuses reported for 2013/14 relate to the performance in 2013/14.

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 2014/15 was £70,000-75,000 (2013/14, £70,000-75,000). This was 1.8 times (2013/14, 1.8) the median remuneration of the workforce, which was £41,184 (2013/14, £40,575).

In 2014/15, 0 (2013/14, 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £19,000 to £73,000 (2013/14, £19,000-£73,000).

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 31/03/2015 £000 Band	Real Pension Increase (P) and Lump Sum (LS) at pension age £000 Band	CETV at 01/04/2015 £000	CETV At 31/03/2014 £000	Real Increase in CETV £000
Ian Brennan Director of Regulation: Finance and Risk	5 – 10 (P) 0 (LS)	0 – 2.5 (P) 0 (LS)	134	106	15
Michael Cameron Chief Executive	25 – 30 (P) 75 – 80 (LS)	0 – 2.5 (P) 0 – 3 (LS)	431	399	11
Christine Macleod Director of Regulation: Governance and Performance	20 – 25 (P) 70 – 75 (LS)	0 – 2.5 (P) 0 – 3 (LS)	511	471	15
Iain Muirhead Director of Strategy and Communications	10 – 15 (P) 40 – 45 (LS)	0 – 2.5 (P) 0 – 2.5 (LS)	219	199	8

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 applied 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

<http://www.civilservice.gov.uk/pensions>



Michael Cameron

Chief Executive

25 August 2015

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.

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 the 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 ongoing 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 2015 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 eight times in 2014/15 to fulfil this role. 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, including regulatory policy development, corporate governance matters and the development of our new Corporate Plan 2015-18.

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.

Membership of the Board during the period April 2014 to the end of March 2015 is provided below:

- » Kay Blair, Chair
- » Simon Little
- » Sid Patten
- » Lisa Peebles
- » Mike Dailly
- » Anne Jarvie (appointed Deputy Chair in February 2015)
- » Russell Pettigrew
- » Wesley Mitchell (until December 2014)

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 2014/15 and membership comprised of the following members of the Board:

- » Sid Patten, Chair
- » Lisa Peebles
- » Anne Jarvie
- » Russell Pettigrew
- » Wesley Mitchell (until December 2014)

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 2014/15 our Board and Executive Team received regular reports to monitor progress against the objectives in our Corporate Plan 2012-15 and 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. Our Executive Team reviews and updates the risk register monthly, and then reports to both the Audit & Risk Assurance Committee and Board on a quarterly basis. 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 2014/15 we reviewed and updated our risk management strategy to incorporate a new approach to risk tolerance. This work was developed in detail by the Audit & Risk Assurance Committee and the Board approved the new strategy in February 2015. 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.

The following principal risks have been identified as potentially having the greatest impact on our activities:

- » changes which may affect a large number of social landlords (such as welfare reform and the impact of pension costs on RSLs);
- » challenges where an RSL has serious financial problems; and
- » resource pressures around the development and implementation of our new business intelligence systems.

Our risk register sets out the controls we have in place to manage these risks. We map risks from our register onto new tolerance grids to assess whether further action is required. Where 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 2014/15.

For data and information handling risks, I am assisted by our Senior Information Risk Officer and Information Asset Officer. There were no data incidents in 2014/15. 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 2014/15 we carried out an assessment of our arrangements relating to our 'Equalities' and 'Sustainability'. We reported the findings to our Audit & Risk Assurance Committee, along with a review of progress against our 'Use of Resources' action plan, which had been developed as part of a previous Best Value review in 2013/14.

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 Team; 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 2014/15.

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 2015 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 2014/15, our internal auditors have completed their risk-based internal audit plan with specific work on our business intelligence project and on our frameworks for business continuity, communications and stakeholder engagement.

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 2015/16. Our business intelligence project has also been subject to independent Gateway Review.

I am satisfied that no significant control weaknesses or issues have arisen during 2014/15. There have been no significant failures in expected standards for good governance, risk management and control.



Michael Cameron

Chief Executive, 25 August 2015

Independent auditor's report to 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 2015 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes to the accounts. 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 2014/15 Government Financial Reporting Manual (the 2014/15 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 Accountable Officer and auditor

As explained more fully in the Statement of the 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 body'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 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.

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 2015 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 2014/15 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:

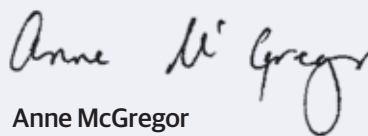
- » the part of the Remuneration Report to be audited has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- » the information given in the Strategic Report and Directors' Report for the financial 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 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

Annual Accounts 2014/15

Statement of Comprehensive Net Expenditure for the year ended 31 March 2015

	Note	2014-15 £000	2013-14 £000
Administration costs:			
Staff costs	2	2,738	2,712
Other administrative costs	3	1,185	993
Total		3,923	3,705
Net operating cost		3,923	3,705

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 2015 derive from the ordinary activities of the Scottish Housing Regulator, all of which are continuing.

Statement of Financial Position as at 31 March 2015

	Note	2015 £000	2014 £000
Non-current assets			
Property, plant and equipment	4	149	223
Intangible assets	5	1,271	924
Total non-current assets		1,420	1,147
Current assets			
Trade and other receivables	7	0	0
Cash and cash equivalents	8	1	1
Total current assets		1	1
Total assets		1,421	1,148
Current liabilities			
Trade and other payables	9	(299)	(447)
Provisions	10	(50)	(48)
Total current liabilities		(349)	(495)
Non-current assets less net current liabilities		1,072	653
Non-current liabilities			
Provisions	10	(114)	(164)
Total non-current liabilities		(114)	(164)
Assets less liabilities		958	489
Taxpayers' equity			
General Fund		958	489
Total taxpayers' equity		958	489



Michael Cameron

Chief Executive, 25 August 2015

Statement of Cash Flows for the year ended 31 March 2015

	Note	2014-15 £000	2013-14 £000
Cash flows from operating activities			
Net operating cost		(3,923)	(3,705)
Adjustments for non-cash transactions:			
Depreciation	4,5	230	4
Auditor's remuneration	11	19	21
Movement in working capital:			
(Increase) / Decrease in trade and other receivables	7	0	0
Increase / (Decrease) in trade and other payables	9	(148)	208
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		(87)	(127)
Use of provisions	10	(48)	(16)
Net cash outflow from operating activities		(3,957)	(3,615)
Cash flows from investing activities			
Purchase of property, plant & equipment		(1)	(203)
Purchase of intangible assets		(415)	(818)
Net cash outflow from investing activities		(416)	(1,021)
Cash flows from financing activities			
Scottish Government funding		4,373	4,636
Net financing		4,373	4,636
Net increase / (decrease) in cash equivalents		0	0
Cash and cash equivalents at beginning of period	8	1	1
Cash and cash equivalents at end of period	8	1	1

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2015

	Note	General Fund £000	Total Reserves £000
Balance at 1 April 2013		(463)	(463)
Non-cash charges – auditor's remuneration	11	21	21
Comprehensive expenditure for the year		(3,705)	(3,705)
Net funding		4,636	4,636
Balance at 31 March 2014		(489)	(489)
Non-cash charges – auditor's remuneration	11	19	19
Comprehensive expenditure for the year		(3,923)	(3,923)
Net funding		4,373	4,373
Balance at 31 March 2015		958	958

Notes to the Accounts

O. Accounting Policies

The financial statements have been prepared in accordance with the 2014-15 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 2015 show a surplus on the general fund of £0.958m (13-14 – surplus of £0.489m). 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 2014-15 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 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 two floors 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 13 – Fair Value Measurement

This will apply for all accounting periods commencing on or after 1 January 2015. The standard requires fair value to be measured using the most reliable data and inputs available to determine the exit price of an asset or liability. The impact on the financial statements has not yet been determined.

2. Staff Numbers and Related Costs

	Permanently employed staff	Others	2014-15 £000	2013-14 £000
	2,072	-	2,072	1,991
Wages and salaries	189	-	189	179
Social security costs	431	-	431	409
Other pension costs	-	27	27	64
Inward secondments	-	8	8	23
Temporary staff	(14)	-	(14)	15
Movement in short term employee benefits				
Early retirement	25	-	25	31
	2,703	35	2,738	2,712

Average number of persons employed

The average number of whole time equivalent persons employed during the year ended 31 March 2015 was as follows:

	Permanently employed staff	Others	2014-15	2013-14
Directly employed	47.2	0.4	47.6	48.1
Other	-	0.8	0.8	1.1
Staff engaged on capital projects	0.8	-	0.8	1.5
	48.0	1.2	49.2	50.7

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)	<5 (0)	<5 (0)
£25,000 – £50,000	0 (0)	0 (0)	0
£50,000 – £100,000	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)	<5 (0)	<5 (0)
Total resource cost / £000	0 (0)	24.6 (0)	24.6 (0)

(Prior year figures 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.

3. Other Administrative Costs

	2014-15 £000	2013-14 £000
Accommodation expenses	335	339
Travel and subsistence	27	42
IT costs	164	145
Support and consultancy	148	97
Conferences and seminars	14	20
Stakeholder engagement	23	112
Marketing	30	17
Professional fees and subscriptions	5	5
Non-executive board members' fees & expenses	89	87
Training and development	64	62
Catering	7	9
HR and recruitment costs	1	3
Office expenses	29	30
Auditor's remuneration (notional charge – note 11)	19	21
Depreciation	230	4
Total	1,185	993

Auditor's remuneration relates to a charge notified by Audit Scotland in respect of audit work carried out during 2014-15. No other services were supplied by Audit Scotland during the year ended 31 March 2015.

4. Property, plant and equipment

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

	ICT Equipment £000	2014 Total £000
Cost		
At 1 April 2013	33	33
Additions	224	224
Disposals	(6)	(6)
At 31 March 2014	251	251
Depreciation		
At 1 April 2013	30	30
Charged in year	4	4
Disposals	(6)	(6)
At 31 March 2014	28	28
Carrying value at 31 March 2013	3	3
Carrying value at 31 March 2014	223	223

5. Intangible Assets

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

	Information Technology £000	Software Licences £000	2014 Total £000
Cost			
At 1 April 2013	-	-	-
Additions	802	122	924
Disposals	(0)	(0)	(0)
At 31 March 2014	802	122	924
Amortisation			
At 1 April 2013	-	-	-
Charged in year	-	-	-
Disposals	-	-	-
At 31 March 2014	-	-	-
Carrying value at 31 March 2013	-	-	-
Carrying value at 31 March 2014	802	122	924

6. 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.

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 Balance Sheet of the Scottish Housing Regulator. The Scottish Housing Regulator's financial assets consist of cash at bank (note 8) and trade receivables (note 7). The financial liabilities consist of trade payables and other current liabilities (note 9).

7. Trade Receivables

	2015 £000	2014 £000
Prepayments	-	-
Input VAT Debtor	-	-
	-	-

Intra-government balances	2015 £000	2014 £000
Balances with other central government bodies	-	-
Balances with bodies external to government	-	-
	-	-

8. Cash and cash equivalents

	2015 £000	2014 £000
Balance at 1 April 2014	1	1
Net change in cash and cash equivalent balances	0	0
Balance at 31 March 2015	1	1

The following balances were held at 31 March 2015:	2015 £000	2014 £000
Commercial banks and cash in hand	1	1
Balance at 31 March 2015	1	1

9. Trade Payables and other current liabilities

	2015 £000	2014 £000
Trade Payables	90	280
Accruals	209	167
Other Payables	-	-
	299	447

Intra-government balances	2015 £000	2014 £000
Balances with other central government bodies	-	-
Balances with bodies external to government	299	447
	299	447

10. Provisions for liabilities and charges at 31 March 2015

	Early Departure Costs £000	Other £000	Total £000	2014 £000
Balance at 1 April 2014	212	–	212	228
Provided in the year	–	–	–	31
Provisions not required written back	–	–	–	–
Provisions utilised in the year	48	–	48	47
Unwinding of discount	–	–	–	–
Balance at 31 March 2015	164	–	164	212

Analysis of the expected timing of cash flows

	Early Departure Costs £000	Other £000	Total £000
Not later than 1 year	50	–	50
Later than 1 year and not later than 5 years	114	–	114
Later than 5 years	–	–	–
Balance at 31 March 2015	164	–	164

11. Notional Charges

The following charge has been included in the accounts:

	2014-15 £000	2013-14 £000
Auditor's remuneration	19	21
	19	21

12. 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.

13. Pensions

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 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensionscheme.org.uk/about-us/resource-accounts).

During the year ended 31 March 2015, employers' contributions of £0.431m (2014 £0.409m) 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 2014-15 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

14. Capital Commitments

Contracted capital commitments at 31 March 2014 not otherwise included in these accounts:

	2014-15 £000	2013-14 £000
BI System		300
Total		300

15. Contingent Liabilities

No contingent liabilities existed at 31 March 2015.

16. Leasing Commitments

At 31 March 2015, the total of future minimum lease payments under non-cancellable operating leases for each of the following periods were:

Obligations under operating leases for the following periods comprise:	2014-15 £000	2013-14 £000
Buildings		
Not later than one year	155	155
Later than one year and not later than five years	–	155
Later than five years		
	155	310

	2014-15 £000	2013-14 £000
Other		
Not later than one year	14	2
Later than one year and not later than five years	2	–
Later than five years	–	–
	16	2

17. 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:

	2014-15 £000	2013-14 £000
Not later than one year	113	106
Later than one year and not later than five years	476	589
Later than five years	–	–
	589	695

18. Losses

No losses were incurred by the Scottish Housing Regulator during the year ended 31 March 2015.



The Scottish Government
Riaghaltas na h-Alba

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



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Scottish Housing
Regulator