



Scottish Housing  
Regulator

# Annual Assurance Statement

Statutory Guidance

February 2019

# About us

We are the independent regulator of social landlords in Scotland.

## We safeguard and promote the interests of:

Around:

**600,000**

Tenants who live in homes provided by social landlords

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Over:

**123,000**

Home owners who receive services of social landlords

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Over:

**45,000**

People and their families who may be homeless and seek help from local authorities

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Around:

**2,000**

Gypsy/Travellers who can use official sites provided by social landlords

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## We regulate:

Around:

**200**

Social landlords

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Around:

**160**  
**32**

Registered social landlords

Local authorities

## Our equalities commitment

Promoting equalities and human rights is integral to all of our work. We set out how we will meet our equalities duties in our Equalities Statement.

## Our role:

To monitor, assess and report on social landlords' performance of housing activities and RSLs' financial wellbeing and standards of governance. We intervene, where we need to, to protect the interests of tenants and service users.

Our Regulatory Framework explains how we regulate social landlords. It is available from: [www.scottishhousingregulator.gov.uk](http://www.scottishhousingregulator.gov.uk)



HAPPY TO TRANSLATE

# 1. Introduction and purpose

- 1.1 Social landlords must submit to us an Annual Assurance Statement providing assurance that their organisation complies with the relevant requirements of chapter 3 of the [Regulatory Framework](#). This includes regulatory requirements that apply to all social landlords and the Standards of Governance and Financial Management that apply to Registered Social Landlords (RSLs).
- 1.2 The Statement should be made and submitted by the RSL's governing body, or the relevant local authority committee which has been delegated authority to complete the Statement by the local authority. This guidance is for members of governing bodies and local authority committees.
- 1.3 This guidance sets out how landlords should prepare their Statement and submit it to us. In complying with this guidance landlords will meet the requirements on Annual Assurance Statements in chapter 3 of the [Regulatory Framework](#).
- 1.4 Each landlord should confirm in its Statement its compliance with all of the relevant requirements at chapter 3 of the Framework. Where a landlord does not fully comply, it should set out in the Statement how and when it will make the necessary improvements to ensure compliance.

## 2. How should you assure?

- 2.1 It is for you to determine the most appropriate and effective way to get the necessary assurance on your organisation's compliance with regulatory requirements. Your approach should enable you to reach an objective and evidence-based judgement on compliance, ensuring sufficient evidence and information, and where necessary independent assurance.
- 2.2 In determining your approach for each requirement at Chapter 3 in the Regulatory Framework, you should consider:
- what level of assurance is proportionate, considering your organisation's business and context;
  - the sources of assurance and evidence you have and whether they are sufficient and reliable; and
  - whether you need independent assurance, and what that should be.
- 2.3 It is for each governing body and local authority committee to consider the timeframe and process for getting assurance.
- 2.4 You should keep a record of the evidence you have used, and how you got the assurance you needed. We do not require landlords to send this evidence to us, as it is your evidence for you to reach a judgement on compliance. But we may ask to see it, or elements of it, if we are engaging with your organisation.

### Internal Audit

- 2.5 Landlords should consider how to best use internal audit as a source of independent assurance when making their Annual Assurance Statements on whether they are meeting regulatory requirements, including the Standards of Governance and Financial Management for RSLs.

### Tenants and other service users

You should consider feedback from tenants and other service users as part of your assurance framework. This feedback is an important, objective view of how your organisation is performing and in particular, whether you are achieving the Charter outcomes. Each governing body and local authority committee should take account of tenant and service user feedback when assuring itself against the requirements.

### 3. What should you do if you find you don't comply?

- 3.1 Where you identify areas for improvement, your governing body or committee should agree appropriate actions. But they do not all necessarily need to be recorded in the Assurance Statement. The key question is whether these issues are of such materiality and significance that they mean you cannot say confidently that your organisation is complying with a particular requirement. Any areas of material non-compliance should be disclosed in the Statement.
- 3.2 It is for each governing body and committee to weigh up the evidence and seriousness of the issue and reach a judgement on whether it is material and should be disclosed.
- 3.3 When you consider materiality, you should look at whether the issue could:
- seriously affect the interests and safety of tenants, people who are homeless or other service users;
  - threaten the stability, efficient running or viability of service delivery arrangements;
  - bring the landlord into disrepute, or raise public or stakeholder concern about your organisation or the social housing sector; and
  - in the case of RSLs, put at risk the good governance and financial health of the organisation.
- 3.4 If we are engaging with your organisation at a later date, it is possible that we might reach a different view about whether an issue is material. This is a matter of judgement. In these circumstances, the most important considerations for us when deciding whether to engage further would be:
- whether your governing body or committee is fully aware of the issue and has taken a view on materiality and disclosure; and
  - whether you are taking effective action to resolve the issue within an appropriate timeframe.

## 4. What should the Statement cover?

- 4.1 Your Statement should be short and succinct. It should confirm compliance, or otherwise, with relevant regulatory requirements at the date of signing (but note that section 5 explains that there is an ongoing requirement to notify us of changes in-year).
- 4.2 The Statement should be completed and agreed by your governing body or local authority committee. Your governing body or committee should:
- Confirm that you have appropriate assurance that you comply with:
    - all relevant regulatory requirements set out in Chapter 3 of the Regulatory Framework
    - all relevant standards and outcomes in the Scottish Social Housing Charter
    - all relevant legislative duties
    - the Standards of Governance and Financial Management (RSLs only)

### **Example wording:**

We comply with the regulatory requirements set out in Chapter 3 of the Regulatory Framework.

- Set out any areas where you do not materially comply, and describe briefly how you are planning to improve in those areas and the timeframe for improvement.

### **Example wording:**

We achieve all but the following standards and outcomes in the Scottish Social Housing Charter for tenants, people who are homeless and others who use our services:

- <AREA WHERE YOU DO NOT MATERIALLY COMPLY>:<HOW WE PLAN TO IMPROVE>
- <AREA WHERE YOU DO NOT MATERIALLY COMPLY>:<HOW WE PLAN TO IMPROVE>

- Confirm that you have seen and considered appropriate evidence to support the level of assurance you have.
  - Confirm the date of the meeting of your governing body or committee at which you considered and agreed the Statement.
  - Sign the Statement. This should be by your Chairperson or Chair of the committee.
- 4.3 If your RSL is part of a group structure, and the parent is a Scottish RSL, the parent should submit one Statement on behalf of the whole group. The Statement must clearly explain which RSLs it relates to, and disclose any material non-compliance in subsidiary RSLs.
- 4.4 You may wish to produce a more detailed version of the Statement for your tenants and other stakeholders, with additional information about how you obtained assurance and your work during the year. It is up to each governing body and committee to decide whether you wish to do so, in the context of the other performance information that you publish and taking account of any feedback from your tenants. You do not need to send us any additional Statement you produce.

## 5. What happens next?

- 5.1 You must submit your Statement to us between April and October each year through the landlord portal. Instructions on how to do this can be found on the [portal](#). You should also make the Statement easily available to your tenants.
- 5.2 We will publish each landlord's Statement.
- 5.3 Your Statement will form part of the overall regulatory view that we have of your organisation.
- 5.4 Where you have told us about an area of non-compliance, and we are assured that you have effective plans and the capacity and willingness to improve or resolve the issue, it will be for you to take forward the improvement. We may ask you to keep us updated.
- 5.5 In these circumstances we will not engage with you unless the issue presents such a significant risk to the interests of tenants and service users that we need to monitor it closely, or take action, to ensure it is resolved successfully. We will contact you if we require any further information or assurance.
- 5.6 You must notify us during the year if anything happens which materially changes the level of assurance in your Statement. This could be a positive development, such as completion of planned improvement work. Or it could be that you have found a new area of material non-compliance. If so, you must tell us about the issue and what you are doing to resolve it. For RSLs, you should do this in accordance with our [notifiable events guidance](#). Local authorities should write to the SHR contact person named in your Engagement Plan.

This guidance has been issued under section 35 of the Act and is intended to ensure that all social landlords understand the purpose of the Annual Assurance Statement as it relates to housing activities.

This guidance has also been issued under section 36 of the Act and is intended to ensure that RSLs understand the purpose of the Annual Assurance Statement as it relates to governance and financial management.



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