



OFFICIAL REPORT
AITHISG OIFIGEIL

Local Government, Housing and Planning Committee

Tuesday 22 March 2022

Session 6



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LOCAL GOVERNMENT, HOUSING AND PLANNING COMMITTEE
10th Meeting 2022, Session 6

CONVENER

*Ariane Burgess (Highlands and Islands) (Green)

DEPUTY CONVENER

*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

COMMITTEE MEMBERS

*Miles Briggs (Lothian) (Con)

*Graeme Dey (Angus South) (SNP)

*Meghan Gallacher (Central Scotland) (Con)

*Mark Griffin (Central Scotland) (Lab)

*Paul McLennan (East Lothian) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Michael Cameron (Scottish Housing Regulator)

George Walker (Scottish Housing Regulator)

CLERK TO THE COMMITTEE

Euan Donald

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Local Government, Housing and Planning Committee

Tuesday 22 March 2022

[The Convener opened the meeting at 09:30]

Decision on Taking Business in Private

The Convener (Ariane Burgess): Good morning and welcome to the 10th meeting in 2022 of the Local Government, Housing and Planning Committee. I ask members and witnesses to ensure that their mobile phones are in silent mode and that all notifications are turned off during the meeting.

Willie Coffey and Graeme Dey join us remotely. Mark Griffin will also join us remotely but is unable to be here for the start of the meeting.

The first agenda item is to decide whether to take in private item 3, which is consideration of the evidence that we will take on the Scottish Housing Regulator's annual report. Do we agree to take that item in private?

Members *indicated agreement.*

Annual Report of the Scottish Housing Regulator

09:30

The Convener: Item 2 is evidence on the Scottish Housing Regulator's "Annual Performance Report and Accounts 2020/21". We are joined by George Walker, the chair of the SHR, and Michael Cameron, the chief executive. I welcome our witnesses to the meeting.

Members have received copies of the annual report and accounts, along with a short summary of work that has taken place since the period covered by the report.

I invite Mr Walker to make a short opening statement.

George Walker (Scottish Housing Regulator): Thank you very much for having us. It is so nice to be here and to see you all in person. We are here in part to discuss the regulator's annual report, which we published in November 2021. I hope that you, your families and your colleagues are well as we continue to work through the recovery from the pandemic and what the unfolding situation in Europe means. As I said, we are pleased to be here for our first in-person committee meeting.

As you might remember, I wrote to you in July 2021 to set out our priorities. We are meeting a wee bit later than normal due to the pandemic, but much has continued to happen since March 2021. Therefore, I provided you with a short update note last week, highlighting some of the work that happened between March 2021 and now. I thought that, before we get into a discussion, it might be useful to set out for you our current priorities and what we are up to.

Those priorities feature in our forthcoming corporate strategy, which we plan to publish next month. The strategy will have a strong focus on the quality and safety of tenants' homes and on Gypsy Travellers having sites that meet the standards that the Scottish Government has determined. Alongside that, it is vital that landlords meet the needs of people who have experienced homelessness, so we will have a particular focus on landlords' provision of temporary and settled accommodation.

We are very aware of the rising household costs for tenants and their families, so it will not surprise the committee that affordability and value for money are very much at the forefront for us. Also, the effective governance and financial health of registered social landlords remain vital. That underpins much of what we will continue to focus on. We will also continue to empower tenants who

are experiencing, or have experienced, homelessness, Gypsy Travellers and others. That is the key statutory objective that Parliament has set us.

Over the past two years, we have faced the challenges of responding to the crisis, and it is clear that agility and responsiveness are likely to become increasingly important. Landlords have adapted, and they will increasingly need to adapt to a changing world as we emerge from the pandemic. We appreciate that landlords are recovering and working hard to get through the backlog that the pandemic has created.

On top of the recovery from the pandemic, we know that landlords will have to respond to new and emerging challenges. We face a challenging economic context—perhaps the most challenging in a generation—with many tenants and their families facing increasing financial hardship. Landlords are, of course, also being asked to respond to the climate emergency. They are being asked to decarbonise heating and homes while they face growing problems in supply chains that drive up the costs. There is also a need to invest in protection from increasing incidence of cyberattack. That is not an exhaustive list of the challenges that landlords face.

We know that resilient organisations cope better. Therefore, building and testing organisational resilience, including the capacity to handle unexpected events, have become even more critical for social landlords. It will not surprise the committee if I say that we are starting to give some thought to, and do work on, what a regulatory focus on resilience might look like. We continue to work with all our stakeholders to support the recovery in social housing and to deliver shared goals.

As the convener said, I am sure that the committee will have lots of questions for us, and we are happy to take them.

The Convener: Thank you, Mr Walker. You touched on the pandemic a little and I would love to hear more detail on that. How did the regulator respond to the risks arising from the Covid-19 pandemic? How did your response change as the pandemic progressed?

George Walker: I will start by talking about how the SHR responded to the pandemic and about some of the things that we have done. I will then let Michael Cameron pick up some of the risk elements.

Almost two years ago—not quite to the day, but on 17 March 2020—our business continuity plans kicked in and we moved all our staff to working remotely from home. We were in a pretty strong position to do that because we had done that before. Our office in Buchanan House previously

had to be evacuated, so we had been through that process. Therefore, we were really lucky compared with some parts of the sector in being able to hit the ground running. After that earlier incident, we worked with staff to ensure that they had all the equipment and support that they needed to work from home, so we started out pretty well.

The next day, from 18 March 2020, we began to recognise publicly the issues that landlords, tenants and service users were facing. Important to that was a change in our regulatory focus. We postponed publication of the engagement plans, which were imminent, and postponed all but the most critical regulatory engagement. We also extended the timescales for regulatory returns because it was clear that people were in a fix and needed time to respond to those things.

Since then, we have been working with sectors across the social housing resilience group, which the committee is likely to be aware of. That has been an important tool in social housing through the pandemic. We have also been monitoring the impact of the pandemic on social landlords.

Since May 2020, we have published monthly and, latterly, quarterly dashboards that gather data and trends to inform the Scottish Government and, in particular, the social housing resilience group. We have also provided a range of advice to businesses and landlords on cybersecurity, fraud and governance.

To follow up, we restated our corporate plan. I do not think that it will surprise the committee to hear that our priorities remained pretty much the same: tenant and resident safety, homelessness, affordable rents, value for money and a focus on the governance for RSLs in particular. We are now at the point at which our current corporate strategy comes to an end and we will be publishing a new one to take us through 2022 and beyond. We will, of course, share that with the committee as soon as it is available.

That is a starter for 10 on some of the actions that the SHR has taken. I will let Michael Cameron comment on some of the landlord aspects.

Michael Cameron (Scottish Housing Regulator): It is also worth saying that, aside from having the capacity to move quickly to working remotely, we have been really fortunate in how resilient all our people have been over the past two years. We have had a strong focus on the wellbeing of our staff and board members, but it is important for us to recognise the significant contribution that they have made to our being able to continue to deliver effective regulation in the most challenging of contexts.

As George Walker said, it is clear that the pandemic has had a significant impact on social

landlords and the bodies that we regulate. We have said on a number of occasions that they were among the first people in their communities to be on the front line, as they had to help tenants and residents to meet some of the immediate challenges in the early days of lockdown.

Landlords moved at pace to adapt to the new and challenging environment that they were operating in. They used their knowledge of their tenants and local communities to respond to the most urgent needs. They worked hard to mitigate the impact of the pandemic on their tenants, people who are homeless and other service users.

That meant that they had to prioritise that work over other, more routine, activity. One consequence of that was that, particularly in the early stages of the pandemic, there was a growing backlog of some of the more routine elements of service delivery such as routine repairs and planned maintenance. Landlords are now working to recover from those backlogs and will have to plan for that in the coming year or two. I am sure that we will go on to speak about some of the challenges that make it difficult for landlords to address the significant backlogs that have developed over the past two years.

The Convener: It is interesting that you had already had experience of working remotely. You had modelled resilience and had systems in place, so you were able to act quickly. When you talked about resilience in your opening remarks, I wrote down the question: “What would resilience look like?” I look forward to hearing more about that when you publish the report.

I want to pick up the issue of staff vacancies. How did that affect your work in 2021? I also ask that you update the committee on the latest recruitment position and whether there are remaining staff vacancies or budgetary pressures that might affect your current work plans.

Michael Cameron: I am happy to do that. We are currently recruiting to nine posts—six are permanent and three are temporary. We started to fill vacancies right away, because we had vacancies at the start of the pandemic. We stepped up the pace of recruitment once we knew what our budget settlement for 2021-22 was. That was a helpful settlement. I can come on to that.

Recruitment has been tough in the past couple of years. Onboarding and bringing in new people who have been recruited has been very slow. Scottish Government human resources staff were struggling. I am not suggesting that they were not doing their level best—I am sure that they were—but it was a tough time to bring people in. Onboarding was taking eight to 12 weeks after we had recruited someone and contracts had been

signed. That is quite a while when you consider that recruitment processes also take time.

In the past two years, we have welcomed seven new external staff to the SHR. We have also managed to recruit from within the SHR and the Scottish Government for a number of posts. Recruitment for our current nine vacancies is ongoing.

You touched on our financial position. We were a bit worried as we went into 2021-22 because 80 per cent of our costs are for staff. Regulation is a people game; there are not many other costs. Our budget settlement for the coming year is £4.9 million. We know that times are tough financially and we are very grateful for that modest uplift. That will allow us to maintain our current staffing cohort and continue recruiting to the vacancies that we have, because the budget will cover the hard-earned salary increases that staff have been given.

We have gaps at the moment, but we are working hard to address those. We feel that we are in a financially stable position and hope that that will continue. As I said, regulation is a people business and maintaining our budget to keep our staffing levels as they are is very important to us.

The Convener: You mentioned that recruitment was tough at that time, in the context of the pandemic. The committee is hearing from a lot of sectors across the board that it is difficult to find staff. Do you think that recruitment is tough in general, or are the difficulties to do with the pandemic? I am trying to get a sense of whether we face a crisis in finding people to take on jobs in all the sectors.

09:45

Michael Cameron: We have not necessarily found it difficult to attract the right calibre of individual into our organisation; the challenges that we have been experiencing have related to the process of recruitment and the timescales that are involved. Those have partly been as a consequence of us relying on the Scottish Government recruitment process, which has been facing challenges in supporting recruitment across a large number of public bodies. That involves the issue that George Walker talked about with regard to, for example, the length of time that there can be between an offer being made to someone and the point at which they are able to take up the post, which can be anything up to three months or so. That has created real challenges for us. On one occasion, an individual secured an alternative position, and we had to start the process again.

It is more the logistics of the recruitment process that have been challenging for us, not necessarily our ability to get the right type of people.

The Convener: That is reassuring.

You talked about how you were able to move quickly to remote working. Will you say a bit about how you supported your staff to work from home, when that became necessary?

George Walker: That is a great question. The board was seeking reassurance from Michael Cameron and the executive team about all the actions that we had taken. Because, as I touched on earlier, we had been through a similar situation before, we felt that we were in a strong position. There was a lot of discussion on the board about the actions that we were taking, whether staff had the right equipment and so on. Helpfully, the SHR has always had an open culture, in that we have a variety of staff members who sit in on board meetings—now that is done virtually, via video calls. As chair, I use those members of staff as a touch point to get a sense of how staff are feeling and what they are doing. That was how the board started to get a sense of what was going on.

Michael Cameron can tell you about the survey work that was undertaken to get a sense of what staff wanted, so I will not steal his thunder.

Michael Cameron: Our first challenge was to ensure that people had the right equipment to do their jobs in their homes, including specialist equipment, in some cases. Once we got past the issue of physical support, we started to consider how we could support people's wellbeing. As it became clear that the position of working principally remotely was going to be a long-term situation, that became much more of a priority and focus for us.

We have regular wellbeing conversations with all our staff and look to ensure that we can be as flexible as possible to accommodate their domestic situations, carer responsibilities and so on. We have been able to adjust how we operate things such as the flexitime system to accommodate a wider variety of working patterns.

What has happened has been tough for people. For some people, unquestionably, the changes have been a benefit, and some enjoy the new way of working. However, others have found it more difficult. We have fairly recently reopened our office but only on a limited basis. At this point, that involves people who have a personal need to work there. We will look to open up the office further as the restrictions allow us to do so.

Throughout the period, the principal focus has been on ensuring that we are able to communicate with staff, that we are able to bring people together—virtually, at least—as often as we can and that there is a focus on regular conversations with line managers around wellbeing.

The Convener: It is interesting that remote working has brought staff wellbeing to the forefront and emphasised the importance of that to organisations.

Earlier, you spoke about the work that staff are carrying out. The regulator's work involves engaging with landlords and tenants but, suddenly, you were moved into a remote world. I would love to understand more about how that work was carried out. Were you able to be effective over the past year?

Michael Cameron: The answer to that is, broadly, yes. There was undoubtedly some activity that we were not able to undertake. We have been clear about that and we set that out in all of our publications. As George Walker said, we restated our corporate plan in 2020 to flag up that we would have to change the areas of work that we were focusing on, because there were some aspects that simply could not be done. For example, previously, we would undertake thematic inquiries that involve us going out to landlords to see what their practice was and find examples of good practice, but it has not been possible to do that kind of work. Similarly, we would have fairly regular in-person engagements with social landlords, and that activity has not been possible.

That said, we shifted quickly to using the range of digital platforms that were available to us, and we have been able to do most of our work effectively using those platforms. In some situations, the type of engagements that we have had to conduct have been better than in-person ones. We have been able to do what needed to be done, broadly speaking.

It is also worth saying that stakeholder engagement is an important aspect of our work. We put a lot of time and effort into stakeholder engagement, and we tried to keep that as a key priority throughout the pandemic, although it has unquestionably been more difficult to do that under the range of restrictions that have been in place.

We have continued to promote a strong tenant voice throughout the pandemic and to regularly meet the regional network Scottish Housing Regulator liaison group, which has contributed to our consultation on the temporary changes to our regulatory framework to respond to the pandemic. We have also participated in a range of conferences and webinars with tenant groups and representatives. We have continued to work with our national panel of tenant and service users, which involves around 500 tenants and service users from across the country.

We engage with landlords directly, using a range of digital platforms. Although that has not been ideal, we have been able to deliver almost all our work with landlords effectively in that way.

We have started returning to in-person events. We are doing that while maintaining the capacity to operate digitally and virtually as necessary, or where preferable. We have also started to attend in-person meetings with landlords. We are at the very early stages of that, but we hope to build that back over the coming months, while keeping in place all the appropriate measures.

The Convener: It is good to hear that overview of what you have been doing. Willie Coffey, who joins us online, will ask the next questions.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): Good morning. I want to give you a chance to tell us about some of the possible risks ahead for councils and landlords. George Walker mentioned a few of those in his opening remarks, including increasing costs, the affordability of rents and even cyber attacks. Could you give us a flavour of the risks that you envisage and how you are engaging with landlords to minimise their impact on tenants?

Michael Cameron: I am happy to pick up that question.

Unfortunately, there is quite a long list of risks and challenges in the operating environment of landlords. That list includes, but is not limited to, topics that have already been touched on.

Rent affordability and financial sustainability will, unquestionably, be prominent features in the coming years. George Walker mentioned that we are looking at what are, arguably, the most challenging economic conditions for families and landlords in a generation, if not more. Also, a range of expectations are already on landlords, or will be coming their way, in relation to the climate emergency and the drive to decarbonise heating in homes.

Supply chain disruptions have resulted in increased costs and in labour and materials shortages. Those are consequences of the United Kingdom's exit from the European Union, then the pandemic. Obviously, the situation in Ukraine is further exacerbating the situation. We expect that there will be supply chain disruption for some time to come. That will, unquestionably, mean inflationary pressures in social housing and across the economy.

Cybersecurity is also becoming an ever-more important consideration for landlords, as it is for all organisations.

We are seeing evidence that there are increased expectations of, and requirements on, landlords resulting from the pandemic, which relate to their tenants and residents maybe expecting different types of services and different responses from them. In part, that is because

landlords stepped in at the outset of the pandemic to respond to the emerging needs at that time.

There is also a challenging situation in relation to homelessness and the number of people who are currently in temporary accommodation.

There are all those things. Such risks and challenges present landlords with difficulties that can lead to difficulties with governance and financial management. A cyberattack, for example, can be entirely paralysing for an organisation.

Those are examples of the kinds of risks that are out there. We try to take account of them all in our annual risk assessments of every landlord; we try to understand the level of exposure of each landlord to that range of risks. That drives how we engage with landlords to get an appropriate level of assurance that they are setting themselves up to respond effectively to the set of risks that present in their operating environment.

Willie Coffey: That is quite an extensive list—in fact, just about everything that could be imagined is highlighted as a potential risk. Do landlords have robust plans in place so that they can do their best to deliver on much of that? Catching up on the backlog of repairs is a big issue; other members of the committee will have received inquiries from constituents about that. Do you see signs that robust plans are in place, perhaps with timescales attached to them, so that tenants can have some comfort, looking forward?

Michael Cameron: We put out a number of pieces of guidance to landlords to support their business planning approaches, including in response to the challenges that have emerged during the pandemic. We look to understand from their business plans how effectively they are setting themselves up to respond to what is coming down the line.

At the moment, the sector is in a reasonable place, financially. It looks as though it has the capacity to do what it needs to do in the coming period. However, to pick up on the point that George Walker touched on, I note that we are giving some thought to whether we need to develop our approach to our regulation, in order to ensure that it has a much stronger focus on deeper organisational resilience, so that landlords are in a position to respond to whatever comes their way.

10:00

At the moment, as most organisations do, most landlords plan on the basis of anticipated risks. The past couple of years have shown us that that is increasingly difficult to do. We are now developing, with the sector, a way to enable it to enhance and maintain organisational resilience, so

that landlords are best placed to deal with whatever might come.

Willie Coffey: Most councils have probably set their rent budgets by now. Do you detect any flexibility about the rent levels that are being set and asked of tenants, because of the experiences that we have come through and that you have just described? Is there any evidence of flexibility, a different approach or new thinking, in recognition of the difficulties that people are going to face?

Michael Cameron: Starting from the beginning of April, we will get information from landlords on their performance last year in relation to the charter and on what they are doing on rent increases and financial planning. We will be in a better place to see exactly how landlords are setting themselves probably around August, when we have had a chance to fully consider that information.

We know that, last year, most landlords drove down the rent increases that they applied; the average rent increase was around 1.2 per cent, I think. That was very much due to landlords adjusting their planning to respond to the immediate situation, which was that tenants were in challenging situations.

The intelligence that we have, including from the Association of Local Authority Chief Housing Officers and the Scottish Federation of Housing Associations, suggests that the average rent increase this year might be around the 3 per cent mark. We anticipate that inflation might be closer to 7 per cent, at the point at which rent increases will be applied, in April. That shows almost an affordability gain, if you like, for tenants—although that assumes that the tenant's income matches the increase. However, a challenge is introduced for landlords in their business planning, if the context is that the increase in their revenue does not match the increase in the costs that they experience. We will pay close attention to that in the coming year.

Willie Coffey: Okay. Thank you very much for that, Michael.

The Convener: I noticed that George Walker wanted to respond to an earlier question.

George Walker: Thank you, convener. I want to add one thing on business planning, which is where the questioning started.

Michael and I have regular engagement with the membership bodies, including the Scottish Federation of Housing Associations, and we will have a meeting with ALACHO this afternoon. In almost every discussion that we start with landlords and landlord bodies, they talk about the worries that they have about business planning as it relates to the cost of net zero. We, as a

regulator, do not think that that cost is necessarily being built into the long-term business plans, bearing in mind that housing business plans roll out over 20 or 30 years. Certainly, there are worries about how the long-term costs will be afforded.

There is no debate at all about the importance of the move to net zero; it is something that everyone signs up to. That discussion, which keeps coming up, along with other things, leads us to the resilience work that Michael and I have referred to.

I did not want to let the subject of business planning pass without drawing that to the committee's attention, because how they will square that circle is clearly very high on landlords' worry list.

The Convener: Thanks for that, George. It is great that you have brought that up, because the net zero ambition is also impacted on by supply chains and labour shortages, which Michael talked about earlier. There are a lot of questions about how we are going to do all that work.

Miles Briggs has some questions.

Miles Briggs (Lothian) (Con): Good morning, Mr Walker and Mr Cameron. Thank you for joining us. How do you monitor social landlords on progress against the Scottish social housing charter, and how is that information used within your regulatory framework? We can start with that, then move on to a few other points.

Michael Cameron: I am happy to pick up on that. Monitoring progress against the charter is a fundamental activity for us. We do that principally by collecting a range of data from landlords every year, which we analyse then report back on to people in ways that we hope they find helpful.

An important aim for us in doing that is to empower tenants—to enable them to hold their landlords to account. We do that by giving them information about their landlords' performance in ways that they are able to use. It is probably important to say that we have set up the approach in consultation with tenants, and that we focus, in particular, on the areas of performance that tenants have told us matter most to them. Every year, we publish for tenants a report on their landlord. We do a report on each of the 180-odd landlords, setting out their performance in the areas that tenants have told us matter most. We also provide an online comparison tool that allows tenants and others—anyone who wishes to use it—to compare their landlord's performance with that of others, which the tenant can select. Each year, we also publish a national report on the charter that summarises the performance across all landlords.

It is important to note that we also require each landlord to make our report available to all their tenants. Every landlord must also produce a more comprehensive assessment of its performance on the charter and provide that to its tenants, every year in the autumn.

That is how we bring in information and push it back out, in ways that we hope are accessible and usable. We use all that information every year to carry out an annual risk assessment for local authorities and RSLs. For RSLs, we also include the financial information that we collect annually. We consider landlords' performance against the charter in order to try to understand whether we need to get further assurance or to see some improvement. We then set that out in the engagement plan that we produce and publish for every landlord.

That is a very quick pen picture of the approach that we take on monitoring progress on the charter.

Miles Briggs: Thank you. That was helpful.

How do you use the charter to drive performance? Probably every MSP is used to hearing complaints about repairs and the very poor living conditions that people are sometimes in. As an MSP, I have had cases in which mould in people's homes has not been fixed for years, so I have gone to the council to fight to have that rectified. How can the charter drive performance? Are there examples of interventions in which the charter has led you to take up such issues?

Michael Cameron: First, it is probably important to stress that it is for landlords to ensure that they achieve the standards and outcomes in the charter. Everything that we do is to ensure that that is understood by landlords and that they are clear about their responsibilities. In part, the work that we do in monitoring, and ensuring that we continue to monitor, keeps that very clear focus on the charter for landlords.

As I mentioned, we also aim to empower tenants to hold their landlords to account. Over the past 10 years or so, we have seen a strong body of tenant scrutiny developing, with support from the Scottish Government. That scrutiny is now well embedded in most social landlords in Scotland. Such things definitely drive performance improvement by landlords.

We engage directly with landlords, where we identify concerns. We have, in the past couple of years, seen a number of examples of our statutory interventions having a particular focus on tenant and resident safety issues. Principally, however, our approach to driving improvement under the charter involves monitoring, reporting, engaging with and empowering tenants, and keeping a

strong focus on landlords' responsibilities under the charter.

Miles Briggs: The committee has received a number of submissions in relation to our scrutiny of the revised charter. Living Rent argues that the current process for landlords self-assessing against the charter indicators is not suitable and it would like a more robust and accountable regulatory approach to delivery of the charter outcomes. What are your views on that concern? Is what you have outlined almost a toothless tiger in relation to your ability to go after individual landlords to try to improve outcomes?

Michael Cameron: It may not surprise you to hear that I do not consider our approach to be toothless at all. I think that it is an effective regulatory approach. I have not had any direct engagement with Living Rent, so I am not entirely sure what might sit below its concerns, but we will be very happy to have that conversation directly with it.

We have a range of statutory powers and we use them to both require landlords to provide us with relevant information and to undertake inquiries, investigate and inspect, if that is required. We have powers to require landlords to achieve performance improvement to a certain level or by a certain time, and we can put in place—if we require to go to this level—special managers to undertake necessary improvements. That range of tools is there for us.

Our approach starts with engaging with landlords to fully understand the situation and their improvement plans and agenda in relation to that, and we then seek appropriate assurance that they are delivering against those.

Miles Briggs: How often have those powers been used by the regulator?

Michael Cameron: We have used our statutory intervention powers in relation to 12 landlords over the past eight years. It is a significant step to use those powers, but they have been used where we have felt that that was necessary to safeguard and promote the interests of tenants and others who use the services of those landlords.

Miles Briggs: What were the circumstances of those cases? I understand that you may not have the detail of that to hand, in which case you could write to us.

Michael Cameron: They vary. We publish a report at the conclusion of every statutory intervention, and we have now published nine or 10 of those reports. They set out the full details of the circumstances that led to our intervention, what the intervention delivered and its outcomes.

Often, a range of things prompt the intervention. I mentioned that, in a couple of cases, we had

concerns about tenant and resident safety, which included gas safety and asbestos management. The root of the difficulties in organisations is often poor governance, which is the area on which we end up having to focus our improvement activity.

10:15

George Walker: Michael Cameron touched on the fact that we have conducted 12 statutory interventions in which we used our statutory duties. However, I do not want to get lost in that. The regulator undertakes a huge number of engagements and interventions, albeit non-statutory ones, every day—they will happen today—with landlords. A statutory intervention is usually the end of quite a long engagement process, and many of those processes do not become statutory.

Statutory interventions happen not exclusively but mainly—Michael Cameron will know the detail better than me—in one of two scenarios. The first is where a landlord does not have the capacity to deal with the issue and, therefore, we step in, make it statutory and, in some cases, appoint a statutory manager. The second is where, to be frank, the landlord is unwilling to deal with the issue. However, there are literally hundreds of cases in which there is continuing dialogue and engagement, and the landlords engage with the issue, deal with it and provide the regulator with assurance or reassurance—whichever word one wants to use.

I add that comment because that is a part of our work that might not be as visible as the rest, albeit that, now that we publish an engagement plan for every social landlord in Scotland, it has visibility. However, often, that engagement might not be statutory.

The Convener: Thank you, George, for bringing that to the front. It is good for the committee to hear that and to recognise all that work and all the engagement that takes place.

Graeme Dey has some questions about social landlords' maintenance of their homes.

Graeme Dey (Angus South) (SNP): Thank you, convener. Before we move on to that topic, I will go back to the line that my colleague Miles Briggs was interrogating.

Mr Cameron and Mr Walker, in the 12 statutory interventions, and the many other non-statutory interventions, that you have carried out, were you satisfied with the outcomes in all instances? Did you ever feel that you could have done with more powers to achieve an outcome that would have left you entirely satisfied?

Michael Cameron: In the outcome reports that we produced, we set out the conclusion of each of

those interventions. In each of them, the interests of tenants were protected and the tenants all ended up in a better place than they were in prior to the intervention. From that perspective, the interventions concluded as we would want them to, and the powers that were available to us enabled us to deliver those outcomes.

At the moment, we are considering whether different, new or additional powers would help us to do our job, because we are aware that it is proposed that a housing bill be introduced in Parliament. We have had initial engagement with the Scottish Government on whether there is any value in considering any improvements that could be made in our statutory framework. I do not have any obvious measures that I would suggest introducing in that regard at the moment but, as we work our way through that exercise, that is something that we could bring to the committee if we felt that it was appropriate.

Graeme Dey: Thank you. That is useful.

I recognise that we have already covered the challenges that the pandemic set. What are your findings on how landlords have maintained the quality of their homes? How satisfied are you that social landlords have robust procedures in place to deal with tenant complaints about the quality of their homes?

Your report considers existing tenants' satisfaction with the quality of their homes, and I was struck by the discrepancy in the level of satisfaction that has emerged between tenants of local authorities and those who are resident in RSL properties. Will you say something about that?

Michael Cameron: That disparity is a differential that we have seen for a number of years. It certainly did not emerge in the most recent report, to which you referred.

If you ask the Convention of Scottish Local Authorities or the Association of Local Authority Chief Housing Officers about that, they will point to the fact that, by and large, local authorities will have older properties in their stock, which will impact on maintenance requirements and, indeed, the facilities and amenities available to the tenants of those homes. That said, as local authorities and RSLs are subject to the same standards and requirements, it is important that local authorities are able to consider how best to meet need.

As for complaints, which you also touched on, one of the routes for tenants to bring matters to us is what is referred to in legislation as "significant performance failure". If there is a systemic problem with a landlord that impacts on a number of their tenants, those tenants will be able to bring those matters to our attention so that we can investigate them. We have had a number of

significant performance failures in relation to maintenance issues, and we have processed those complaints and engaged with the landlord appropriately.

For individual tenants, there is the model complaints procedure, under which anyone who is dissatisfied with their landlord's response to a complaint has the option of taking that complaint to the Scottish Public Services Ombudsman.

I would therefore say that we are satisfied that there is a process for landlords to respond to complaints from individual tenants. I am conscious, however, that those tenants might not always get the outcome that they want, which might in some way be driving some of the satisfaction scores that you see.

Graeme Dey: I entirely take your point that the discrepancy is not a new thing—it has been around for a number of years—but what about particular local authorities that are serially lower down the satisfaction scale than others over an extended period? Would you look at that sort of thing directly and make some intervention, even of a low-level nature, with regard to a particular local authority?

Michael Cameron: Yes. When we carry out our annual risk assessment, we look at the range of information that you have touched on. If a landlord is persistently in the lower quartile of performing landlords, we will pick that up with them and seek assurance that they understand what sits behind it—as I have said, the explanation might have something to do with the age and nature of the stock in their management—or that they have improvement plans in place to address the issue.

Graeme Dey: Thank you very much.

The Convener: Meghan Gallacher has questions on charter awareness.

Meghan Gallacher (Central Scotland) (Con): I refer members to my entry in the register of members' interests. I am a serving councillor in North Lanarkshire.

Good morning and thank you for coming. As the convener said, my questions are on tenants' awareness of the Scottish social housing charter. We have just been discussing the relationship with regard to tenants and their rights, but do you think that tenants have enough awareness of the charter? If not, how can we increase their awareness?

George Walker: I am happy to respond to that to start with, and Michael Cameron might come in afterwards.

On awareness, before I say what I am about to say, I should say that, at times, I see what I would describe as a biased group of tenants. I do not

mean anything untoward by that; what I mean is that a lot of my engagement as chair of the SRH is, as you might expect, with formal tenant groups such as the regional tenant networks and the liaison group that Michael Cameron mentioned. When I engage with those groups, I find that their awareness of the charter is really high—indeed, it is through the roof.

The second area where I see that awareness is at the various conferences. Although they have not been happening in the past couple of years, I generally attend the conferences that are held by the tenant engagement groups: the Tenants Information Service and the Tenant Participation Advisory Service. They are attended by a much wider group of tenants and, again, I see a very high level of awareness there. I used the word “biased” because I recognise that not everyone in tenancy in Scotland is aware of the charter, but I sense that awareness of it is very high.

With those groups, something interesting and new is happening, in that we have two tenant members on our board, one of whom is a local authority tenant and one of whom is a tenant of an RSL. Those two tenants, Colin Stewart and Helen Trouten Torres, now take the lead for us with the tenant liaison group and get involved with those things, so we get insight there, too.

My sense is that awareness of the charter is high, and we certainly do a lot to keep that awareness up. I talk about it to anyone who will listen, frankly, because I think that the Scottish housing charter is something that we in Scotland should be very proud of. When I engage with people who work in housing in other parts of the world and the UK, I hear the word “envy” used. They are envious of us having the charter because it is really good for a regulator to have a benchmark, if I can call it that, to regulate against. It is a powerful regulatory tool.

That is my sense, Ms Gallacher, but I do not want to mislead you into thinking that I believe that every single tenant knows that the charter exists. I am well aware that there is much more that we could do to keep it at the forefront, but our route is through the formal routes that I have described.

Michael Cameron might be able to add more.

Michael Cameron: I will touch on some of the ways in which we seek to promote the charter. I have spoken about them already, in terms of how we look to get accessible information about the charter to tenants. Empowering tenants by providing good information is one of the critical aims of our regulatory framework. Publishing the reports for every landlord and publishing the national report and promoting it heavily, particularly through our tenant networks, are ways

in which we are able to get information about the charter out to tenants as far as possible.

However, the critical thing is for tenants to understand that their landlords are obliged to deliver certain standards and outcomes for them. I am not sure whether they know the name of the charter as such—I suspect that plenty of tenants would not recognise its name—but for me the principal thing is that they should understand that there are standards and outcomes that they can expect from their landlord. That is what we aim to promote as fully as we can.

Meghan Gallacher: Thank you. Having tenants sit on the board is a very interesting concept in relation to the charter, as it allows you to hear directly from people who are renting. How are those tenants selected? What areas are they from, and do they sit on the board for a particular term? How does that work?

George Walker: Those are good questions. The tenants are appointed by Scottish ministers through the public appointments process, in the same way as everybody else, including me and the other board members.

I can claim no credit for the idea of having tenants on the board. That was already in place when I joined the SHR as chair. There was a tenant on the board at that time—who was excellent, by the way. However, when Lisa Peebles's term came to an end and we were looking for a new tenant, I was part of the process by being on the panel that made recommendations to Scottish ministers.

The response to that recruitment round was so good and so strong that we did something unusual that perplexed the public appointments team. I asked the panel to support it, which it did. We requested that, rather than having one tenant on the board, we should have two. That meant that, rather than recruiting two new board members, we could recruit three. Helpfully, the housing minister was happy to support that at the time. By happy chance, I suppose, it meant that we ended up with a local authority tenant and an RSL tenant on the board.

Those tenant board members came through that route. Neither of them is shy. They are challenging other board members in the right way and they are very engaged. Colin Stewart is very engaged with the regional tenant networks—indeed, he chairs one of them; I forget which one it is, but he is very involved with that. More and more, we have let Colin Stewart and Helen Trouten Torres step forward to lead on and help with our engagement with the tenant liaison group—alongside staff members, of course—and they are very engaged with that.

It is a great thing to have tenants on our board, and great that so many RSLs have tenants on their boards, too. It is a really powerful thing in Scotland.

Did that answer all your points?

10:30

Meghan Gallacher: It did, thank you. Finally, I want to touch on marginalised groups. You mentioned “biased groups” who know about the charter, but I am conscious that there will be groups of people who do not know about it. Is deeper work going on behind the scenes to ensure that we tap into those marginalised communities? It is so important that they, too, know their rights.

Michael Cameron: That is absolutely right; we aim to engage with a range of different groups. We have already spoken about Gypsy Travellers, and we have a responsibility for factored owners and for people who are homeless or who have experienced homelessness.

We engage with organisations that represent those individuals, because they are not always straightforward groups to engage with directly. However, through our work with the national panel we have been able to engage directly with a number of Gypsy Travellers and people who have lived experience of homelessness. That has given us direct insight into the priorities and interests of those groups as well as the challenges that they face. We will seek to maintain that route to ensure that we have that insight from those individuals.

Paul McLennan (East Lothian) (SNP): I refer members to my entry on the register of interests, as I am still a serving councillor for East Lothian Council. My question is directed to George Walker.

One of your statutory objectives, which you have touched on already, has been to protect the interests of homeless people during the pandemic. Can you say a little bit more about how you have fulfilled that objective? You mentioned that there is a bit of concern about the increased number of people staying in temporary accommodation. Can you expand on that?

George Walker: I will start, then I will ask Michael Cameron to give some more detail.

Probably one of the most significant steps that we took was our decision to engage with all 32 of Scotland's local authorities. That raised a few eyebrows at the start, particularly because we did it during the pandemic. We did so because we were concerned about the resilience of homelessness services and about how they would cope during the pandemic. Normally, we would only engage with an authority when there is evidence of underperformance or challenge. I

remember the debate that we had when Michael Cameron put forward that suggestion at a board meeting, and the board was very supportive of it. The starting point was to get out there and talk to all local authorities about homelessness and so on.

You will remember that, early in the pandemic, the focus was on ensuring that every homeless person had somewhere to sleep at night, to protect them from the virus as much as anything else. All of that was going on, and it led to exactly what you referred to: an awful lot of people being placed in different forms temporary accommodation—including hotels and all sorts of places. I forget the exact number, but off the top of my head I think that there are 13,000-plus people in temporary accommodation as it stands, and that number has risen over time.

That is the fundamental approach that we are taking to address the issue. Given that two serving councillors have just spoken, I would not dare to tell you what the role of local authorities is in it—because you know—but obviously local authorities are well sighted on that approach and play a key role in it.

Our starting point was to engage with councils, but there is more detail. Michael, would you like to add to that?

Michael Cameron: Yes, I am happy to add some detail. We consider the information provided to the Scottish Government by local authorities on homelessness applications annually, but during the pandemic we collected information more regularly to support the work of the social housing resilience group. We do that monthly and quarterly.

The last quarterly return included some key information on homelessness and homelessness services. It is worth giving members a feel for where things sit in that return, which provided information up to the end of December 2021. At that point, councils were receiving about 8,000 applications every quarter from people who were experiencing homelessness. Most of the individuals in those circumstances—around 7,700 people—had been offered and had accepted temporary accommodation.

As George Walker has highlighted, at the end of the last quarter, there were just over 13,000 households in temporary accommodation. That is not the highest level over the past two years, but it is still a significant level of families in temporary accommodation. The management out of temporary accommodation into permanent accommodation of that number of people is probably the biggest challenge that local authorities face in relation to homelessness at the moment. I suspect that councillors will have to

respond to that situation for a period to come—there will not be a quick fix—and we will monitor their response to it over the coming year.

Paul McLennan: The key issue that you mentioned in relation to your engagement with the 32 local authorities was that of resource, both financial and in terms of manpower. Will that be an issue in dealing with the current backlog? Is there enough resource? Will that continue to be an issue as we go into next year? It will not just be a case of flicking a switch and getting out of the pandemic; there will be a recovery period.

Michael Cameron: It is difficult for us to give a specific view on the local authority resourcing position, because we do not have a remit to consider that. However, if we look across the piece, we can see from our engagement with local authority homelessness services that it is unquestionably the case that they recognise that there are constraints on their resources, and that those constraints might well impact at least on the timescales for the recovery from the pandemic.

That said, one of the biggest challenges will be transitioning people out of temporary accommodation into permanent accommodation. I imagine that the issue of having an adequate supply of appropriate and suitable permanent accommodation will be of most concern to most local authorities at the moment. The situation is probably particularly acute in some of the major urban areas.

Paul McLennan: In your report, you say that you demonstrated that you were an effective public body and you list a number of examples. Would you like to highlight or expand on any of those points? You have touched on a few of them already. Is there any more that you would like to say about what is covered in the report in that respect?

George Walker: Sure—I would be happy to touch on that. As chair of the SHR, for me, much of that starts with transparency. Public bodies must operate within the appropriate principles of behaviour and standards. Key among those—it might be my favourite among equals, if I can put it that way—is the principle of transparency and openness.

As a regulator, we work really hard to be completely transparent about what we do. That is one of the reasons why, in our framework review, we introduced the idea of publishing an engagement plan for every social landlord in Scotland. We had not previously done that; we had published an engagement plan only for landlords with which we had a certain level of engagement.

The same is true in relation to the reports that Michael Cameron referred to. Whenever we have

engaged on a statutory basis, beyond all the other engagement that I touched on in response to Mr Briggs, we publish a “lessons learned” report and a full account of what went on and why, and what the issues were. I think that those are key.

My second point relates to how we check on our own governance and how we behave as a board and an organisation. We use some of the key tools that other public bodies have available to them, such as internal audit, which is a very important tool. Indeed, in our most recent framework, we encouraged social landlords to use it, too.

I am happy to say that we have always had substantial assurance from internal auditors on what we are doing. We have audited a host of different things, and we have also had unqualified audit reports. Those are some of the things that we look at as an organisation, and certainly as a board, as we look at and challenge how Michael Cameron and his team are working.

I go back to where I started: it is all about being as open and transparent as we possibly can be.

The Convener: Throughout this morning, I have been making notes on the board and how you are modelling such great governance with the tenants, as you discussed with Meghan Gallacher. You also mentioned that there are staff members on the board; I think that having people with on-the-ground experience can only lead to good governance and direction for an organisation.

Mark Griffin is now able to join us, which is great. I will give him the opportunity to ask some questions.

Mark Griffin (Central Scotland) (Lab): Thank you, convener—I apologise that I was unable to be here for the whole session because of family commitments. I draw members’ attention to my entry in the register of members’ interests, as the owner of a rental property in North Lanarkshire.

I want to ask Michael Cameron and George Walker for their views on the Government’s consultation on its draft strategy, “A New Deal for Tenants”. The strategy contains a proposal for a new housing regulator for the private rented sector. Given your extensive knowledge of regulation of the social rented sector, what is your view on what a private rented sector regulator could, and should, look like?

George Walker: I will start on that, but I bet that the regulatory expert who is sitting to my right will have some comments as well.

It is a complex and difficult question. I do not think that it will surprise you when I say, as chair of a regulator, that I think that regulation is a good thing. It is helpful, and it helps to drive up standards. I start from that point of view.

However, there is a difference between the regulatory approach that we, as the social housing regulator, are able to take, and some of the challenges that any regulator of the private rented sector might face. The biggest among those is that the SHR regulates corporate bodies—let us call them that—with boards, committees and leadership, and local authorities, while the private rented sector in Scotland is fairly heavily, although not exclusively, dominated by landlords who might own one, two or three, or a number of, properties.

In Scotland, there are not so many of the big corporate landlords that we see, for example, in the United States or in parts of Europe, where the level of private renting is significant. We think that that could pose a conundrum with regard to how regulation is done. Regulation of, and engagement with, a corporate body such as I have described in respect of the SHR’s work comes with challenges that are very different from those that would apply in regulating what might boil down to individual landlords.

For me, the key question that will be posed as that work rolls forward—I welcome the work that is going on, and the consultation—is whether the answer is to have regulations or a regulator. I do not really have an opinion on that; I simply draw attention to the differences that there might be between regulating those two sectors.

The challenge that might be faced in that regard would be my starting point. Nonetheless, I say that as someone with a bias, who thinks that regulation is a good thing.

Michael Cameron: I emphasise George Walker’s point that the two sectors are very different and may therefore require quite different responses from a regulator or from regulations. We have had some early conversations with the Scottish Government, on an advisory basis, about how it might develop its thinking around a private sector regulator.

We have emphasised that the key starting point has to be an understanding of the risks, behaviours and challenges that the Government is seeking to address through regulation. Once you understand those things, that will start to point you in the direction of the most appropriate responses.

The Convener: Thank you. Mark, do you have any further questions?

Mark Griffin: No, thank you.

The Convener: Thank you for asking that question—it was great, seeing as we have been discussing that subject with the minister in looking at the private rented sector and the new deal for tenants.

That brings us to a close. So much has come out of the discussion this morning—it has been

really helpful for us. The witnesses discussed the fact that there are worries among landlords about net zero and how we do all that retrofitting, and I look forward to hearing about that.

That takes me back to a point that Michael Cameron talked about, which relates not necessarily to net zero but to the challenges that landlords face with regard to the quality of the housing that they have to work with. As we go forward, we really need to push for good-quality, good-standard housing, especially in the light of the fact that the Government has plans to build 110,000 new homes over the coming 10 years, or maybe a slightly longer period, and 70 per cent of that will be earmarked for social housing.

That brings up another question—which we do not have time to go into in this session, but which we can maybe touch on in a year—which is whether the Scottish Housing Regulator has the capacity to regulate 70 per cent of 110,000 new homes. It seems that you are going to be growing, but you will—from what we have heard this morning—be growing from a really great position.

I thank the witnesses for their evidence today. We agreed at the start of the meeting to take the next item in private so, as we have no more public business today, I close the public part of the meeting.

10:46

Meeting continued in private until 12:59.

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