

Local Government, Housing and Planning Committee

29th Meeting, 2023 (Session 6), Tuesday 5 December 2023

Scottish Housing Regulator annual report and accounts 2022-23

Background

Introduction

1. The purpose of this paper is to provide information for the Committee's evidence session with the Scottish Housing Regulator (SHR) on its Annual Report for 2022-23.
2. The Committee will take evidence on the Annual Report from—
 - George Walker, Chair, Scottish Housing Regulator
 - Michael Cameron, Chief Executive, Scottish Housing Regulator
3. The Annual Report and Financial Statement for 2022-23 can be accessed via the following link—

[Annual Report and Accounts 2022-23 | Scottish Housing Regulator](#)

Background

4. The SHR is an independent Non-Ministerial Department, established on 1 April 2011 under the Housing (Scotland) Act 2010.
5. Its statutory objective is to safeguard and promote the interests of:
 - around 600,000 tenants who live in homes provided by social landlords;
 - over 120,000 owners who received services from social landlords;
 - around 40,000 people and their families who experience homelessness and seek help from local authorities; and
 - around 2,000 Gypsy/Travellers who can use official sites provided by social landlords.
6. The main functions of the SHR are to:
 - keep a publicly available register of social landlords;

- monitor, assess and regularly report on all social landlords' performance of housing activities and on registered social landlords' financial well-being and standards of governance; and
 - take action, where necessary, to protect the interests of tenants and other service users.
7. The SHR regulates 158 registered social landlords (RSLs) and the housing activities of Scotland's 32 local authorities. The Act requires that the SHR carries out its functions in a proportionate, accountable and transparent way. The SHR is led by a Board of non-executive members, appointed by Scottish Ministers following an open public appointments process.
8. The Glasgow and West of Scotland Forum of Housing Associations recently met with the SHR about its approach to mergers and takeovers of community housing associations. They have provided the Committee with a note of that meeting, attached at Annex A. They had previously written to the Committee on a related matter concerning Reidvale Housing Association, and that letter is available at [GWSF letter 22 June 2023 | Scottish Parliament Website](#). SHR has provided details on its engagement with Reidvale, which are available at; [Engagement plan from 31 March 2023 to 31 March 2024 | Scottish Housing Regulator](#)
[Engagement plan from 31 March 2022 to 23 October 2022 | Scottish Housing Regulator](#)

Further historical engagement plans and information on Reidvale can be found here: [Reidvale Housing Association | Scottish Housing Regulator](#)

Conclusion

9. The Committee is invited to consider the above in its evidence session with the Scottish Housing Regulator.

Committee Clerks

Local Government, Housing and Planning Committee

ANNEX A



Glasgow and West of Scotland
Forum of Housing Associations

GWSF

SHR's approach to mergers/takeovers – note from GWSF/SHR meeting 16 November 2023

This note is provided to the Committee by way of an adjunct to our letter of 22/6/23 to the Committee. Whereas that letter focused primarily on specific concerns around the impending loss/takeover of Reidvale HA, this note relates to the wider issue of whether some SHR actions can nudge associations towards takeover.

As part of our meeting with Michael Cameron of SHR on 16/11/23, we were keen to discuss our evidence of what we believe to be not a 'merger agenda' within SHR but some kind of 'merger *culture*' there or, at the very least, an apparent tendency among some SHR staff to be keen to encourage RSLs to consider the option of major structural change.

We readily accept that the evidence of this provided to us by members is 'ad hoc'. Each example on its own could perhaps be dismissed as a one-off, but taken together, the evidence does give us cause for concern. The main evidence we would cite is as follows:

- A number of examples of where a member association has been dealing with problems and appraising its options (including through tenant consultation), and has come to a decision to remain independent, and then had an expression of disappointment from SHR at the outcome. One association described the regulation manager as being 'crestfallen' when advised of the decision
- A case where two associations looking at a voluntary merger were asked by SHR if they would also be considering the option of a larger association taking them both over
- Ad hoc feedback from housing associations' routine liaison meetings with their regulation manager, such as this received from a HA CEO very recently: *'I had a visit from SHR ostensibly as we have a new Regulation Manager. I told them I was in early discussions with the Board about retiring. They immediately asked about options, or opportunities as they put it, re. joining with another RSL.'*

- SHR's apparent acquiescence in Reidvale HA's breaching of the regulatory standard requiring tenant consultation prior to any decision to seek a major structural change. This denied tenants any knowledge of – let alone input into – the takeover decision, and very much suggested that serious regulatory breaches could be overlooked by SHR if they were in pursuance of takeover
- Albeit less clear-cut, we believe that other SHR actions can have a destabilising impact on associations facing difficulties, making the outcome of takeover potentially more likely. These include suggesting that an interim director is in place for several months, rather than a normal exercise to recruit a replacement chief officer.
- Other actions seen as potentially destabilising include a case where SHR suggested to the association that because of the ongoing issues/engagement it shouldn't seek to fill vacancies at the forthcoming AGM: this would have been in contravention of the association's Rules

Unfortunately, at the meeting on 16/11, we were not able to have any kind of helpful discussion. SHR dismissed all our evidence, saying it was 'ad hoc' and that there was no way of knowing whether members had said these things or not.

SHR did want to assure us that the notion of encouraging rationalisation of the sector through takeovers etc. had never been discussed within SHR. GWSF is happy to accept this, but we remain concerned about the way in which certain SHR words and actions appear to raise (and potentially nudge associations towards) the option of structural change when this seems out of place, inappropriate and disproportionate.

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