

Correspondence from the Scottish Housing Regulator, 25 February 2026

Dear Ariane,

Thank you for your letter of 9 February 2026.

We are happy to provide the Committee with further information on the matters raised in your letter. We set this out in Annex A. I trust that the information and evidence we provide assure the Committee about our commitment to being an open, transparent and effective regulator.

We welcome the Committee's acknowledgement of the overwhelmingly positive feedback and evidence it received from all of the main landlord representative bodies; this feedback echoes that which we receive directly from social landlords in our regular engagements with them.

I am happy to assure the Committee that we are keeping our focus on the big challenges facing tenants and social landlords, including: the cost of living crisis and rent affordability; the acute problems around homelessness and the number of people in temporary accommodation; tenant and resident safety, including damp and mould, RAAC and cladding; and, promoting the tenant voice and participation.

Please do let me know if you need any further information.

Yours sincerely

Garry Coutts
Chair, Scottish Housing Regulator

Annexe A

Informal engagement

It is important to clarify at the outset that we do not have “informal engagement” with individual landlords. All of our regulatory engagement with individual landlords is underpinned by both the general and specific powers given to us in the Housing (Scotland) Act 2010, including those in Part 4 Inquiries and information. These regulatory engagements are consistent with our published [Regulatory Framework](#), particularly the chapters on [Getting assurance](#) and [Taking action where we need to](#). We also publish a series of [How We Work](#) guides to provide social landlords with more information and examples of our approach to regulation and what they can expect when we engage with them.

Our Regulatory Framework promotes a culture of self-assurance, openness and transparency aimed at supporting landlords to avoid the need for us to use statutory intervention powers, which can have significant implications and costs for a landlord. Each year we undertake a comprehensive assessment of risk for each landlord based on [the risks we identify](#), we then determine proportionate engagement with each landlord which we publish in an [engagement plan](#) for the landlord. We discuss the content of a proposed engagement plan with the landlord and consider any feedback it provides before we publish the plan. In this way, our approach is proportionate, consistent, accountable, transparent, and targeted only where needed.

For most landlords our engagement does not go beyond the provision of the standard regulatory returns. Where we do require additional assurance from a landlord, we set this out in the published engagement plan; in this way we aim to prevent failures through early engagement as the landlord takes the necessary mitigating actions. This proactive and preventative engagement helps landlords to avoid risks materialising, thereby protecting the interests of tenants and other service users. We regularly hear from social landlords that they value this type of regulatory engagement.

Every year we publish a summary of the [outcome of our annual risk assessment](#).

All of our regulatory engagements are reviewed on a continuous basis, including by senior managers, and we report regularly to our Board on our progress in serious cases. We keep a record of all of our engagements with individual landlords, and we update the published engagement plan for a landlord as we progress our engagement and where we have concluded or changed our engagement.

We would be happy to walk the Committee through a number of case studies of our engagement with landlords to fully demonstrate how we conduct and manage these regulatory engagements, and we would encourage the Committee to speak with landlords that have had more intensive engagement with us.

When we consulted on our review of the Regulatory Framework in 2024 the vast majority of stakeholders supported our approach to regulation, including how we engage with individual landlords on regulatory matters. We publish on our website the [independent analysis](#) of the consultation responses.

We have had positive outcomes from our internal auditor’s programme of reviews of our regulatory activities and functions; for all of these we have received “substantial assurance” from the auditor, which is the highest level of assurance. The programme of reviews have included:

- Our management of Notifiable Events
- How we manage deregistration of Registered Social Landlords (RSLs)
- How we handled our review of the Regulatory Framework
- Our management of Serious Concerns

We note the positive feedback provided by all of the representative bodies, and this mirrors the positive feedback we get on our engagement directly from social landlords. They tell us that they value this form of engagement.

In our letter to the Committee dated [24 November 2025](#) we set out the range of ways in which we meet with social landlords and their representative bodies to help us to fully understand the challenges faced by, and the concerns of, those we regulate. These include regular and recurring meetings with groups of landlords and representative bodies and attendance at conferences and events.

We recently received the result of an independently delivered survey of our stakeholders on how we communicate. The [feedback](#) from social landlords is very positive with most saying that the amount, frequency and quality of information provided by SHR were about right, with increases since 2022 in the proportion rating the quality of information as “very good”.

Regulatory engagement

As we set out above, all of our regulatory engagements are consistent with the Regulatory Framework and are reviewed on a continuous basis, including by senior managers. Where there is a serious risk to the interests of tenants and service users, or we are proposing to change the regulatory status of an RSL, our senior staff initiate a case conference where staff with the relevant expertise consider all the evidence. This allows a high degree of internal challenge to help staff to find the most proportionate and effective response to protect the interests of tenants and others who use social landlords’ services. Our Director of Regulation uses case conferences to be assured that:

- any decision or recommendation is consistent with our Regulatory Framework, policies and guidelines;
- judgement is exercised appropriately, is evidence based and the proposed action is proportionate; and
- all relevant officers from across SHR are involved in the decision.

Landlords can ask us to review a regulatory decision which affects them. Our aim is for this process to be quick and straightforward. We have published [guidance](#) on how this process works. Our review process offers additional opportunities for

challenge, beyond those set out in the 2010 Act. This demonstrates our commitment to best practice in regulation and openness in our decision-making.

Additionally, we have established a clear and appropriate procedure on our [website](#) for anyone who wishes to raise a concern or to complain about how we work; this includes that anyone can complain about the conduct, treatment by or attitude of a SHR member of staff or Board member. Also, anyone aggrieved by our actions has the right to take a complaint about us to the Scottish Public Services Ombudsman (SPSO), so long as the complaint is made by the aggrieved person or by someone with written permission to act on their behalf, and reside in the United Kingdom when the complaint is made. Our complaint procedure complies fully with the SPSO's model complaints procedure.

The Housing (Scotland) Act 2025 introduced provisions for appeals on a range of our regulatory decisions. We await further information from the Scottish Government around the next steps around how the scheme will operate, and we will cooperate fully with the transition to the statutory appeal process.

Use of consultants

One of the intervention powers available to us under Sections 57 to 59 of the Housing (Scotland) Act 2010 is to appoint a statutory manager to a social landlord. We set out more information about the use of this and our other statutory powers in [Section six of our Regulatory framework](#).

Section 57 of the Housing (Scotland) Act 2010 (the Act) gives us the power to appoint a manager to ensure that a social landlord provides housing services to an appropriate standard. Section 58 of the Act gives us the power to appoint a manager to ensure that the financial or other affairs of an RSL are managed to an appropriate standard. We make statutory appointments only where we judge that this is required to safeguard the interests of tenants and/or service users.

Where we decide to appoint a statutory manager we will set out their remit and decide upon their powers and publish them in the RSL's Engagement Plan.

We publish a list of people whom we have assessed as having the necessary expertise to be appointed under the Act if we need to appoint a statutory manager. We have reviewed the list around every three years to refresh it and give people an opportunity to join the list. Our process for the selection of people on the list is an open process and we published all of the material on our website for the most recent review of the list, including the [application pack](#), [application form](#) and the [Equal Opportunities and Diversity Monitoring form](#). At that time we required applicants to demonstrate that they had a proven track record of carrying out interim senior officer roles in regulated organisations with serious performance, governance, and/or financial management problems, together with extensive experience in governance, financial management and change management. Applicants also needed excellent communication, people management and risk management skills. We published full details on all the selection criteria. In April 2024 we published the outcome of the most recent review: [Statutory managers list | Scottish Housing Regulator](#).

We asked applicants to provide information on their daily rates at the time of application. The person's suitability, qualifications and experience to carry out this role are our most important selection criteria, and we weight quality (80%) and price (20%) in our assessment. We publish information on costs of a statutory appointment when we publish our final report on a statutory intervention at a social landlord.

We are grateful to landlord representative bodies who helped us to develop the process and material for the review of the list, and we will engage with them again in the forthcoming review of the list.

We will carry out another review of the list during 2026/27 and we will keep the Parliament up to date on the progress and outcome of that review.

We have not used our statutory powers to make any management appointments to social landlords since 2020.

Budget

Last month the Scottish Government set out our funding for 2026/27, along with indicative funding levels for 2027/28 and 2028/29. The funding settlement is extremely challenging, with a flat cash position over the three years. We will have to absorb cost increases in the coming years from the centrally negotiated pay settlements and new recharges from Scottish Government for the shared services we take. As a consequence, we will be a smaller regulator by the end of the Spending Review period in 2029; we are already carrying a number of unfilled staff posts.

We are already very lean with an agile structure and streamlined processes and high productivity. We are well-advanced in delivering the public service reform agenda for public bodies. For example, we:

- have reduced our headcount by nearly 25% since the organisation was established;
- have moved to have progressively smaller office space, and now take this from another public body; this has reduced our annual accommodation costs by more than 80%, from around £330k to less than £60k per annum;
- take the full suite of shared services from the Scottish Government Shared Services, and have no resources embedded in SHR for these services;
- share our Data Protection Officer with Transport Scotland and we take facilities and estate management services from Social Security Scotland;
- migrated our regulatory systems fully on to the Cloud, achieving recurring annual savings in our system running costs of around £120k and eliminating the need for future capital expenditure, and improving our cyber resilience; and
- have built a significant digital offering with a secure online portal through which social landlords provide us with all regulatory returns, data and

notifications and through which we engage with them; and we provide a huge amount of data on the performance of social landlords through our website, including a landlord performance comparison tool that allows tenants to compare their landlord's performance with that of other landlords.

Taken together, we believe that these mean that there is, at best, only very limited potential for us to achieve further cost efficiencies from within the organisation. Additionally, our relatively small size militates against us being able to absorb further new costs.

In response to the very challenging budget settlement we have initiated a review of how we operate, with the objective to identify an operating model that delivers effective regulation, reflects the level of resource we will have over the period of the Spending Review, is sustainable over the medium to longer terms, and ensures that we can maintain the wellbeing of all of our people. We will also consider what level of stakeholder engagement we can sustain and how we can deliver the full range of our duties as a public body.

Our review will happen in the context of increasing systemic risk in landlords' operating environments and new regulatory requirements on landlords, including new homelessness duties and the proposed Net Zero Standard for Social Housing. As we progress the review we will be very mindful of this context, and that effective regulation maintains the confidence of lender and investor in social housing, thereby strengthening social landlords' credit position.

Our Chief Executive, in his role as Accountable Officer for SHR, has advised the Scottish Government that the funding position over the spending review period will put at risk our current delivery of core statutory regulatory and public body functions, and that there is a high risk that cost pressures over which we have no control will result in us overspending next year.

Statistics on homelessness

Our Chief Executive has written to colleagues in the homelessness statistics team at the Scottish Government to enquire about its plans to review the statistics the Scottish Government collects and about the potential to change the collection of statistics on homelessness to better link data at the level of individual cases where the household was homeless as a result of eviction and the outcome for the household in terms of their sustainment of any tenancy they secured.

The Scottish Government has now advised us that it plans to undertake a review of the future collection of homelessness data, and that this will include looking at the potential to link with other datasets and at individual case level.