

Abertay Housing Association Ltd

Regulatory Status:

We have not included a regulatory status in this box. After we receive the first annual Assurance Statements in October 2019 from all landlords and complete our annual risk assessment we will give Registered Social Landlords (RSLs) a regulatory status in line with our Regulatory Framework.

Why we are engaging with Abertay Housing Association Ltd (Abertay)

We are engaging with Abertay about its **financial health, governance and development**.

In May 2018 Abertay told us that it had identified a significant overspend on its capital programme which may have implications for the scale or timing of future investment plans. Abertay commissioned an independent review of the reasons for the overspend. This identified areas of non-compliance with the Regulatory Standards of Governance and Financial Management including serious weaknesses in its handling of procurement, financial management, internal controls, project management, performance reporting, management control and oversight.

The governing body has told us it understands the extent and seriousness of the issues it is facing and is willing to address the underlying causes. Abertay is working to ensure it has the leadership and management capacity to deliver sustainable improvement and achieve full compliance with Regulatory Standards.

Abertay appointed three new members at its Annual General Meeting in September 2018 and subsequently co-opted a further three members to strengthen its governing body and help it address governance weaknesses.

The Chief Executive is retiring and Abertay is recruiting a permanent senior officer. It also plans to appoint an interim Chief Executive

Following a break from development, Abertay is again developing new homes for social rent and will receive public subsidy to help achieve this. In our Regulatory Framework we say that we will make it clear where a social landlord does not represent a suitable investment partner or recipient of public funds. In light of the serious weaknesses in its governance, financial management and procurement we will seek further assurance that Abertay complies with the Regulatory Standards of Governance and Financial Management to determine whether Abertay is a suitable recipient of investment funds.

What Abertay must do

Abertay must:

- keep us informed at key stages in the recruitment of the interim and of the permanent Chief Executive;
- send us its governance, financial management and procurement improvement action plan;
- send us by 30 June 2019:
 - its approved business plan and updated risk register;
 - 30 year financial projections consisting of statement of comprehensive income, statement of financial position and statement of cash flow complete with assumptions and explanatory narrative;
 - a comparison of projected financial loan covenants against current covenant requirements;
 - financial sensitivity analysis which considers the key risks and compares the resulting covenants with the actual current covenant requirements; risk mitigation strategies for each of the key risks considered should also be provided;
 - report to the Board in respect of the approved 30 year projections, sensitivity analysis and covenant compliance; and
 - evidence of how it demonstrates affordability for its tenants;
- send us its quarterly management accounts including year-end budgets and cash flow forecasts and the related Board reports within one month of the quarter end; and
- tell us if there are any material adverse changes to its development plans which might affect its financial position or reputation, in line with our notifiable events guidance.

What we will do

We will:

- liaise as necessary with Abertay about its plans to recruit an interim and permanent senior officer;
- discuss with Abertay its plans to address serious weaknesses in governance, financial management and procurement and liaise as necessary with Abertay on its progress with the action plan to deliver the necessary improvements;
- meet the Chair and the new Chief Executive during quarter three of 2019/20 to provide feedback on the business plan and financial projections, progress with the improvement plan and discuss the risks and challenges facing the business; and
- review the management accounts and follow up on any issues that are identified.

Regulatory returns

Abertay must provide us with the following annual regulatory returns and alert us to notifiable events as appropriate:

- Annual Assurance Statement;
- audited financial statements and external auditor's management letter;

- loan portfolio return;
- five year financial projections;
- Annual Return on the Charter; and
- the return on the Energy Efficiency Standard for Social Housing.



[Read more about Abertay Housing Association Ltd >](#)

Our lead officer for Abertay Housing Association Ltd is:

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