

Cloch Housing Association Ltd

08 November 2013

This Regulation Plan sets out the engagement we will have with Cloch Housing Association Ltd (Cloch) during the financial year 2013/14. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Cloch was registered as a social landlord in 1977. It owns and manages 1,368 houses and provides factoring services to around 425 owners in Greenock. It has charitable status and employs 30 people. Its turnover for the year ended 31 March 2012 was just over £5.4 million. Cloch became a subsidiary of Oak Tree Housing Association in January 2013.

Cloch is currently working through an action plan to address governance weaknesses. We had previously asked Cloch to co-opt four people to strengthen its management committee and support it in dealing with its governance weaknesses. Cloch has made significant progress in addressing these governance weaknesses, and it no longer requires the support of the co-optees. All of the co-optees have now left the management committee. We will continue to engage with Cloch as it completes its integration into the Oak Tree Group and works through its governance action plan.

We will also continue to engage with Cloch to understand its plans for pension auto-enrolment and any pension deficit, as well as how it plans to manage welfare reform changes including the impact on income, costs and assumptions for arrears and bad debts.

Our engagement with Cloch - Medium

We will continue to have medium engagement with Cloch during 2013/14 to gain additional assurance that it is continuing to address its governance weaknesses.

1. Cloch will:
 - keep us updated about its integration into the Oak Tree Group and its progress with its governance action plan;
 - provide us with quarterly updates on its training of management committee members;
 - by December provide us with, management accounts as at 30 September 2013;
 - by December provide us with information on the expected impact of auto-enrolment (39% of its staff were not enrolled at 31 March 2013); and
 - by December, provide us with details of progress and the measures to be put in place to manage the welfare reform changes and how this will impact on income and costs.

2. Cloch should alert us to notifiable events and seek our consent as appropriate. It should provide us with the annual regulatory returns we review for all RSLs:
 - audited annual accounts and external auditor's management letter;
 - loan portfolio return;
 - five year financial projections; and
 - Annual Return on the Charter.

This plan will be kept under review and may be changed to reflect particular or new events. The engagement strategy set out in this plan does not restrict us from using any other form of regulatory engagement to seek additional assurance should the need arise. Our regulatory framework and other relevant statistical and performance information can be found on our website at www.scottishhousingregulator.gov.uk.

Our lead officer for Cloch is:

Name: John Jellema, Regulation Manager, Governance and Performance Division
Address: Highlander House, 58 Waterloo Street, Glasgow, G2 7DA
Telephone: 0141 305 4119

We have decided what type of engagement we need to have with this organisation based on information it provided to us. We rely on the information given to us to be accurate and complete, but we do not accept liability if it is not. And we do not accept liability for actions arising from a third party's use of the information or views contained in the Regulation Plan.