

Dalmuir Park Housing Association Ltd

8 December 2017

This Regulation Plan sets out the engagement we will have with Dalmuir Park Housing Association Ltd (Dalmuir Park) during the financial year 2017/18. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Dalmuir Park was registered as a social landlord in 1978 and operates in the Clydebank area of West Dunbartonshire. It currently owns and manages 689 homes and provides factoring services to 174 owners. It has charitable status and employs 30 people.

As at 31 March 2017, Dalmuir Park's turnover for the year was almost £3.9 million and its debt per unit was £876.

Engagement

Earlier this year we identified a number of potentially serious governance issues at Dalmuir Park. Dalmuir Park agreed to carry out an independent investigation into some of these issues.

However, there were setbacks in Dalmuir Park taking this forward due to the number of governing body members who were compromised by conflicts of interest, the association's failure to comply with its constitution in relation to governing body membership, and a delay in taking forward its decision to co-opt independent governing body members.

In September, Dalmuir Park co-opted two members with governance skills and experience to the governing body to support it to carry out the investigation.

Dalmuir Park submitted its Business Plan to us in September. This was not consistent with our recommended practice on business planning. It did not provide us with the necessary assurance about the association's strategic objectives and how it will deliver them.

In November, the independent investigation found evidence of serious governance failures at Dalmuir Park including failures to understand and comply with Dalmuir Park's constitutional requirements, serious allegations of breaches of the association's code of conduct for staff and governing body members, failure to manage conflicts of interest, and failure to seek independent advice to inform important decisions.

Dalmuir Park has recently commissioned a second independent investigation after it identified allegations of potentially serious breaches of the code of conduct for staff and governing body members.

We consider the governance failures identified in the investigation in November are the result of misconduct, mismanagement and ineffective leadership in Dalmuir Park. We consider Dalmuir Park's poor governance is a serious risk to tenants' interests and to the reputation of social landlords. We are not assured that Dalmuir Park currently has the necessary governance and leadership capacity to address the serious risks it faces without expert support.

We will therefore use our statutory powers of intervention to:

- appoint a manager under section 58 of the Housing (Scotland) Act 2010);
- appoint six members to the governing body under section 65 of the Act. Two of these six appointments joined the committee in September as co-optees;
- suspend a member of the governing body under section 61 of the Housing (Scotland) Act 2010.

The purpose of the statutory appointments is to address the serious governance issues at Dalmuir Park and to take action to ensure the interests of its tenants and service users are protected.

To achieve this, the manager's remit is to:

- address the serious and urgent risks to the interests of Dalmuir Park's tenants and service users arising from the findings of the independent investigation (November 2017), any relevant findings from the current investigation, and to assist the governing body in ensuring that the issues are resolved;
- identify any other serious and urgent risks to Dalmuir Park's governance and financial management and prioritise actions to ensure that it is properly governed and complying with the Regulatory Standards of Governance and Financial Management;
- carry out a strategic review of the organisation to establish the best strategic solutions for its tenants and service users;
- ensure that Dalmuir Park's tenants, service users and stakeholders, including its lenders, are kept up to date with progress on addressing the issues which led to our intervention; and
- assist and support the governing body in its role.

The appointees' remit is to:

- support delivery of the statutory manager's remit;
- ensure that Dalmuir Park meets the Regulatory Standards of Governance and Financial Management and addresses the issues arising from the findings of the independent investigation (November 2017) and any relevant findings from the current investigation;
- deal with any other issues that may arise in the course of their appointment and in the normal course of governing body business.

Our engagement with Dalmuir Park Housing Association Ltd in 2017/18 – High

We will engage with Dalmuir Park about the serious and urgent governance issues it is dealing with.

1. The manager and the appointees to the governing body will be accountable to the Regulator and will report to us on progress in addressing their remits.
2. The appointments are for a period of six months. At that time we will review Dalmuir Park's progress against the remit, and we may extend the appointments if we consider it necessary.
3. Dalmuir Park will share with us the findings of an independent investigation into alleged breaches of the code of conduct. We will review the suspension of the governing body member at that time and consider if we need to take further action.
4. We expect Dalmuir Park to engage with us to assure us that its tenants' interests are being protected and it can meet the Regulatory Standards of Governance and Financial Management. We may review our engagement activity depending on progress with this.

5. Dalmuir Park will send us its governing body papers and minutes.
6. Dalmuir Park 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 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.

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 Dalmuir Park Housing Association Ltd is:

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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.