

Ferguslie Park Housing Association Ltd

11 February 2016

This Regulation Plan sets out the engagement we will have with Ferguslie Park Housing Association Ltd (Ferguslie Park) during the remainder of the financial year 2015/16. Our regulatory framework explains more about our assessments and the purpose of this regulation plan.

Regulatory profile

Ferguslie Park was registered as a social landlord in 1988. It owns 809 houses, including 7 shared ownership units. It is a registered charity and employs around 15 staff.

Ferguslie Park's turnover at the end of March 2015 was just over £3.25 million. It has one unregistered subsidiary, The New Tannahill Centre Ltd, which manages the local community centre that provides commercial and community facilities for the local area.

We have been engaging with Ferguslie Park and identified a number of serious weaknesses in its governance and financial management as well as serious failures to comply with our Regulatory Standards of Governance and Financial Management.

Ferguslie Park recently commissioned an independent investigation which highlighted a number of serious concerns including inappropriate payments being made without the proper delegated authority. We also received a Section 72 notice from external auditors notifying us of inappropriate payments. We consider these areas of concern pose significant risks to the interests of tenants, to public and private funders' confidence and to the reputation of registered social landlords. We have decided to use our statutory powers to appoint a manager to Ferguslie Park under section 58 of the Housing (Scotland) Act 2010. We have also decided to use our statutory powers under section 65 of the Housing (Scotland) Act 2010 to appoint three additional members to Ferguslie Park's governing body.

The purpose of these appointments is to:

- address the serious risks to Ferguslie Park's governance and financial management arising from the issues identified in the independent investigation;
- to consider and review whether the current governance, financial management processes and procedures and internal controls are fit for purpose; and
- assist and support the governing body to ensure that Ferguslie Park meets our regulatory standards

The manager will have the following remit:

- address the serious and urgent risks attached to Ferguslie Park's governance and financial management;
- put in place the necessary policies, internal controls and safeguards to ensure financial transparency and probity; and
- carry out a strategic review with particular emphasis on governance and financial management, and implement any necessary improvements to ensure that Ferguslie Park meets our Regulatory Standards.

The governing body has recognised the serious nature of the issues and the risk they present to tenants' interests. It has responded positively and is working openly with us to address these serious governance and financial management weaknesses.

Our engagement with Ferguslie Park Housing Association Ltd – High

We will have high engagement with Ferguslie Park in light of the serious weaknesses in its governance.

1. The manager and the appointees to the governing body will be accountable to the regulator and will report to us on progress. The appointments are for a period of six months. At that time we will review Ferguslie Park's progress in delivering the improvements to address the issues identified, and we may extend the appointments if we consider it necessary.
2. We expect Ferguslie Park to engage with us to assure us it is delivering the necessary improvements to meet our Regulatory Standards of Governance and Financial Management. We may review our engagement activity depending on the outcome.
3. Ferguslie 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 annual accounts and external auditor's management letter;
 - loan portfolio return;
 - five year financial projections; and
 - the 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 Ferguslie Park 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.