

Govan Housing Association Ltd

4 April 2012

This Regulation Plan sets out the engagement we will have with Govan Housing Association Ltd during the financial year 2012/2013. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Govan registered as a social landlord in January 1976. It owns and manages around 1,300 homes in the south west of Glasgow and provides factoring services to a further 437. It employs 32 full time equivalent staff, has charitable status and has one non-registered subsidiary, South Clyde Housing Ltd.

Its turnover for the year ended 31 March 2011 was just over £5 million. It has one of the largest development programmes in the city and participates in low cost home ownership activity. Govan has kept us fully informed of progress with sales. It has three developments which will deliver social rent, new supply shared equity and properties for sale. The last of these developments is scheduled for completion in October 2013.

Our engagement with Govan's senior management team during the last year has provided assurance about its financial position and business strategy including confirmation that its financial performance is consistent with its lending covenants. Govan plans a more fundamental review of its business plan in the next cycle and we will want to see this.

Govan's performance in re-letting empty properties has been poor but is improving. It has reviewed its management arrangements for Jim Stephen House and is addressing the underlying reasons for its relet performance.

Allocations to homeless applicants during the year increased by almost 50% from a low base in 2010 but remain at a low level. Govan has provided assurance about the reasons for this and is continuing its discussions with Glasgow City Council to see how it can increase its contribution to meeting the 2012 homelessness target.

Our engagement with Govan Housing Association Ltd - Medium

We will continue to have medium engagement with Govan about its overall financial capacity and viability in light of its development activities.

1. Govan will:

- continue to provide quarterly updates on progress with sales;
- provide its revised business plan including 30 year financial projections, cashflows, sensitivity analysis and covenant calculations in quarter two; and
- provide the outturn position against budget as at the end of quarter two once this is available.

2. We will:

- review Govan's progress in increasing homelessness allocations and addressing relet performance when we receive its 2011/12 APSR return at the beginning of June; and
- meet senior staff in quarter three to provide feedback on the business plan and associated financial information and discuss the challenges and risks facing the business.

3. Govan 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
- annual performance and statistical return

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 Govan 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.