

Govan Housing Association Ltd

31 March 2015

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

Regulatory profile

Govan was registered as a social landlord (RSL) in 1976. It owns and manages 1,467 homes, delivers a factoring service to 556 owners and provides 11 non-housing units in the south west of Glasgow. It employs 36 people, has charitable status and its turnover for the year ended 31 March 2014 was over £6.4 million. It has one unregistered subsidiary, South Clyde Housing Ltd which is currently dormant.

During 2014/15 we reviewed Govan's financial returns to gain assurance about its financial health. Govan has carried out a programme of business change and a new leadership team is now in post. The programme included a fundamental review of its business plan. We will receive the revised business plan in April 2015 and continue to engage with Govan to understand the financial impacts of this.

Govan has brought its properties up to the Scottish Housing Quality Standard (SHQS) and we engaged with it during 2014/15 to gain the assurance we needed about exemptions. Govan plans to acquire around 40 properties which are either in disrepair or are in blocks where it requires to consolidate ownership to carry out major repairs. It plans to bring these properties up to the SHQS. Govan has also commissioned a comprehensive stock condition survey and this will be used to develop its asset management strategy later this year.

Govan has completed its current development programme which delivered homes for social rent and low cost home ownership. A very small number of sales have still to be completed. It has implemented sales incentives and has negotiated additional funding from Glasgow City Council to support this.

Our engagement with Govan - Medium

We will have medium engagement with Govan in 2015/16 to gain further assurance about its business and financial planning.

1. Govan will send us:
 - its approved business plan, including commentary on results of sensitivity tests and risk mitigation strategies, and the March 2015 report to the Board on the business plan by 30 April 2015;
 - its asset management strategy by 31 October 2015; and
 - an update if there is any material change in the status of its subsidiary.
2. We will:
 - meet senior staff in quarter one to provide feedback on the business plan and discuss the challenges and risks facing Govan; and
 - meet senior staff in quarter three to provide feedback on the asset management

strategy and discuss progress against the business plan.

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; 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 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.