

Langstane Housing Association Ltd

Regulatory Status:

We have not included a regulatory status in this box. As a result of the impact of Coronavirus (COVID-19), we postponed the publication of updated engagement plans scheduled for 31 March 2020 for all landlords other than the most critical cases. We propose to publish a regulatory status and updated engagement plans for all RSLs by the end of March 2021.

Why we are engaging with Langstane

We are engaging with Langstane about its **governance and financial health**.

We have been engaging with Langstane over the last two years as it addressed weaknesses in its approach to financial management and control and its governance. Langstane has engaged openly with us as it progressed a substantial programme of improvement to ensure compliance with Regulatory Standards.

During 2019/20 we reviewed Langstane's financial returns, 30 year projections with sensitivities and business plan in order to gain assurance on its financial health. We will seek further assurance on this during 2020/21.

It has put in place measures to deal with its short term funding requirements and has developed a sustainable medium and long term treasury strategy that is consistent with its revised business plan. It arranged interim financial planning and management support and ongoing treasury advice and recruited a new Director of Finance & Corporate Services.

Langstane has developed a programme of continuous improvement and is working constructively with us to ensure that improvements are evidenced and embedded in normal working practices.

As part of its 2019 Annual Assurance Statement, Langstane reported it was working towards compliance to achieve Regulatory Standards 1, 3 and 4. It identified further work on the business plan to ensure stronger links were in place between its financial plans for the future, its strategic risk register and the aspirations of its customers. It also identified a need to have stronger links to its budget and performance setting processes to ensure delivery of key objectives. Langstane has now developed a revised business plan which addresses the above points.

In addition, it commissioned an Executive Consultancy Resource to support the delivery of the recovery strategy and Business Plan objectives including the delivery of an efficiencies agenda, the development of a robust performance culture and a modernisation programme for its business. This work is now well advanced and Langstane's focus is now on ongoing business improvement.

In late 2019, to review the considerable progress made Langstane commissioned a further independent review of its compliance with Regulatory Standard 3. This also included a detailed examination of Langstane's 30 year business plan. The review found that a significant amount of work has been progressed during 2019 to address the issues of cash-flow and inadequate financial controls. It concluded that there was evidence that Langstane had put in place measures to comply with Standard 3 and was now compliant in 4 out of 7 elements. In relation to the remaining 3 elements the review concluded that as a number of processes and policies had only recently been put in place or updated to strengthen them, these still required to be fully embedded into the organisation's operations and culture to ensure full compliance with standard 3. The findings were shared with us in March 2020.

What Langstane must do

Langstane must:

- provide us with progress reports in relation to the improvement plans created to address weaknesses it has identified in its governance and financial management;
- send us monthly, within 1 week of the month end 12 month cash flows to 31 March 2021 updated with the previous month's actuals; and
- send us quarterly, within 1 month of the quarter end management accounts as at the end of the quarter together with the covering Board report.

What we will do

We will:

- review the monthly cash flow submissions and follow up on any issues that are identified;
- review the management accounts and follow up on any issues that are identified;
- meet with Langstane's Board to discuss the implementation of the actions arising from the work of the executive resource and any actions which are required from this; and
- review our engagement with Langstane in light of these discussions and the business plan, the financial information and any other risks to the organisation.

Regulatory returns

Langstane must provide us with the following annual regulatory returns and alert us to notifiable events as appropriate:

- Annual Assurance Statement;
- audited financial statements and external auditor's management letter;
- loan portfolio return;
- five year financial projections; and
- Annual Return on the Charter.



[Read more about Langstane>](#)

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