

## Langstane Housing Association Ltd

### Regulatory Status:

We have not included a regulatory status in this box. After we receive the first annual Assurance Statements in October 2019 from all landlords and complete our annual risk assessment we will give Registered Social Landlords (RSLs) a regulatory status in line with our Regulatory Framework.

### Why we are engaging with Langstane Housing Association Ltd

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

Around 18 months ago Langstane became aware of weaknesses in its approach to financial management and control, and in particular the provision of accurate and timely financial information to its leadership team, governing body and key stakeholders. Langstane engaged openly with us and commissioned an independent investigation into this. It then developed and implemented an action plan to address the findings of the investigation.

Langstane subsequently became aware of further failings in its business and financial planning, control and monitoring framework which had resulted in the reporting of inaccurate financial information. As a result, the organisation's leadership was unable to monitor and accurately report on its financial position or the delivery of its plans. It was unable to prevent serious breaches of policy from occurring and failed to detect them timeously when they occurred.

Langstane acknowledges the serious failings in its systems of governance and financial planning, management and control. It is continuing to engage openly and constructively with us as it develops its strategy to address the weaknesses and ensure compliance with the Regulatory Standards of Governance and Financial Management.

Langstane has taken some immediate steps to address the serious and urgent risks to the organisation's financial position and we are continuing to engage closely with Langstane about the further actions it plans to take. It has put in place measures to deal with its short term funding requirements and will develop a sustainable medium and long term treasury strategy that is consistent with a revised business plan. It has also arranged interim financial planning and management support and ongoing treasury advice as it seeks to recruit a new Director of Finance & Corporate Services.

Langstane also commissioned an independent review of its governance and financial management to assess compliance with the Regulatory Standards. It will now consider the findings from this review and develop plans to address any findings from this.

## What Langstane must do

Langstane must:

- provide us with details of its strategy for addressing the weaknesses it has identified in its governance and financial management. The strategy will address the findings from the independent review of its Governance and Financial Management and the improvement actions it will take.
- send us:
  - weekly cash flow updates; and
  - quarterly management accounts within 1 month of the quarter end.
- send us by 30 June 2019:
  - its approved business plan and an updated risk register;
  - 30 year financial projections consisting of statement of comprehensive income, statement of financial position and statement of cash flow complete with assumptions and explanatory narrative;
  - a comparison of projected financial loan covenants against current covenant requirements;
  - financial sensitivity analysis which considers the key risks and compares the resulting covenants with the actual current covenant requirements; risk mitigation strategies for each of the key risks considered should also be provided;
  - report to the Board in respect of the approved 30 year projections, sensitivity analysis and covenant compliance; and
  - evidence of how it demonstrates affordability for its tenants.

## What we will do

We will:

- review the weekly cash flow updates and follow up on any issues that are identified;
- review the management accounts and follow up on any issues that are identified
- review the business plan and financial projections;
- meet with Langstane's Board in April to discuss the findings from the review of its Governance and Financial Management and any actions which are required from this;
- 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;
- Annual Return on the Charter; and
- the return on the Energy Efficiency Standard for Social Housing.



**[Read more about Langstane Housing Association Ltd >](#)**

**Our lead officer for Langstane Housing Association Ltd is:**

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