

## Queens Cross Housing Association Ltd

**28 March 2013**

This Regulation Plan sets out the engagement we will have with Queens Cross Housing Association Ltd (Queens Cross) during the financial year 2013/2014. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

### Regulatory profile

Queens Cross was registered as a social landlord in 1976. It has charitable status and employs around 202 full time equivalent staff. Following the most recent stock transfer from Glasgow Housing Association, it increased its properties to 4,313 and provides a mix of general needs, sheltered and supported housing. It has one registered subsidiary, Queens Cross Factoring which also manages a small number of mid market rent properties. It had a turnover of £17.5 million for the year ending 31 March 2012.

Through our engagement with Queens Cross we have gained assurance that systems and structures are in place to foster good governance. A Business Performance Committee has been established with a remit to drive improvements. Board induction and training is in place as are plans to provide training and development for members of the Community Involvement Groups

Queens Cross Housing Association reported that a significant proportion of its stock did not meet SHQS as at March 2012. Its reported information is based on a small survey sample. It is confident that it will only need exemptions if the availability of additional funding means necessary compliance works are delivered as part of a greater programme of investment. It is carrying out additional surveys and working to improve its stock condition database. Queens Cross is looking to consolidate a number of separate databases and is reviewing the functionality of its current IT systems.

It has also worked with tenants to examine options for improvements to their homes and communities. Queens Cross has successfully attracted funding from both British Gas and ICE Energy to help it deliver projects in Westercommon (to install cladding and new heating) and in Woodside (to install an innovative communal heating system). It has also been consulting residents in the Cedar multi storey flats in Woodside about investment options. Funding has been factored into the business plan to ensure all of these properties meet SHQS by 2015.

We have assessed Queens Cross's performance against key service quality measures. Its performance for the percentage of current tenant arrears collected remains in the top quartile but former tenant rent arrears collected, the percentage of former tenant arrears written off and the percentage of emergency repairs completed on time is poor and deteriorating. Overall Queens Cross has improved its arrears performance although former tenant arrears have increased as a result of action taken to recover debt. It has appointed a new repairs contractor and is seeing evidence of improved performance in repairs.

Queens Cross is a significant developer with seven projects which will deliver homes for social, mid-market rent, shared equity and outright sale. Most of these projects are complete or nearly complete and sales of shared equity properties have been very successful. The properties for sale have just been completed and Queens Cross anticipates completion in the summer.

## **Our engagement with Queens Cross – Medium**

Queens Cross has grown rapidly as a result of second stage transfer and we need to be assured that it is continuing to effectively manage the strategic and operational challenges associated with this growth. So we will have medium engagement with it in 2013/2014

1. Queens Cross will send us:
  - in April, for the parent and its subsidiary, 30 year projections, consisting of income and expenditure statement, balance sheet and cashflows, plus sensitivity analysis and covenant calculations and results;
  - in April, details of bad debts and arrears assumptions in its projections;
  - in June, details of the impact of auto-enrolment;
  - in June, a progress report on its welfare reform action plan;
  - in June, an update on progress with sales;
  - in November its subsidiary management accounts as at 30 September; and
  - in November, a progress report on its integration of databases and IT functionality.
  
2. We will:
  - provide feedback in May as necessary on the parent and subsidiary financial information;
  - we will review Queen's Cross's performance for former tenant arrears management and emergency repairs when we receive the APSR in June 2013; and
  - meet senior staff in quarters two and four to discuss updates and gain assurance on progress with the strategic and operational challenges facing the organisation.
  
3. Queens Cross 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 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](http://www.scottishhousingregulator.gov.uk).

Our lead officer for Queens Cross is:

Name: Janet Dickie, Regulation Manager  
Address: Highlander House, 58 Waterloo Street, Glasgow, G2 7DA  
Telephone: 0141 305 4115

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.