

Queens Cross Housing Association Ltd

28 March 2014

This Regulation Plan sets out the engagement we will have with Queens Cross Housing Association Ltd (Queens Cross) during the financial year 2014/2015. 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 second stage stock transfer from Glasgow Housing Association, it increased its properties to 4,395 and provides a mix of general needs, sheltered and supported housing. It provides factoring services to 2,177 owners and has 84 non-residential properties. It has one registered subsidiary, Queens Cross Factoring which also manages a small number of mid market rent properties. It had a turnover of more than £29.6 million for the year ending 31 March 2013.

Through our engagement with Queens Cross Board and staff we have received assurance about the systems it has in place to support its governance. Board induction training and appraisals are in place as are plans to provide training and development for members of its Community Involvement Groups. The Business Performance Committee, with a remit to drive improvements, has now been operational for a year.

Queens Cross has completed significant pieces of work to inform it about its customers and performance; Getting to Know You and the first Annual Complaints Report. It is also well advanced with a programme of organisational review and refocus of job roles to ensure its service meets current demands. This work has informed its revised business plan.

Queens Cross remains confident that it will meet the Scottish Housing Quality Standard (SHQS) by April 2015 subject to a short term abeyance for a contract which will complete later in the year. Funds are in place for these contracts and work will be on site before April 2015. Queens Cross has consulted tenants about investment proposals and has recently received a commitment of eco funding to allow additional work to be undertaken. It is also progressing work to upgrade its ICT system, part of which hosts SHQS information.

We have assessed Queens Cross's performance against key service quality measures. The percentage of emergency repairs completed on time has now improved significantly as arrangements with the new contractor have bedded in. The percentage of properties with a valid gas safety certificate was poor as at the end of March 2013 but Queens Cross commissioned an internal audit and has implemented the recommendations and restructured the service.

Our engagement with Queens Cross – Medium

Queens Cross has grown rapidly as a result of second stage stock transfer. We will continue to have medium engagement with it during 2014/15 as it progresses organisational and investment plans.

1. Queens Cross will send us by the end of May 2014:
 - its approved business plans for both the parent and its subsidiary including commentary on the results of sensitivity tests and risk mitigation strategies;
 - 30 year projections for both the parent and its subsidiary consisting of the income and expenditure statement, balance sheet and cash flow, including covenant requirements, calculation of loan covenants and the related Board reports; and
 - sensitivity analysis for both the parent and its subsidiary which looks at the key risks such as, arrears levels and covenant compliance. We would also expect this to include analysis of a range of options for rent increases.

2. Queens Cross will send us at the end of October 2014:
 - half yearly management accounts and the associated Board papers for the parent and its subsidiary;
 - a copy of the report to Board on the impacts and actions in relation to welfare reform;
 - an update on progress with SHQS compliance; and
 - an update on the percentage of properties that had a gas safety check and record completed by the due date.

3. We will:
 - confirm whether progress achieved with emergency repairs is maintained when we receive the Annual Return on the Charter (ARC) in May 2014;
 - review progress with SHQS when we receive the ARC in May 2014 and when we receive a further update in October 2014 detailing the position at the mid-year point;
 - review progress with gas safety when we receive the update in October 2014; and
 - meet senior staff in quarters two and three to discuss updates and gain assurance on progress with the strategic and operational challenges facing the organisation.

4. 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 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 Queens Cross 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.