

Ruchazie Housing Association Ltd

Regulatory Status: Statutory Action

Ruchazie Housing Association Ltd (Ruchazie) does not meet the Standards of Governance & Financial Management and regulatory requirements, and we are using statutory powers to address the non-compliance.

Why we are engaging with Ruchazie

We are engaging with Ruchazie about its **governance**.

In December 2017 Ruchazie commissioned an independent investigation into the decision making process that led to the departure of the previous senior officer. The investigation highlighted a number of serious and systemic governance failures. These included failures to manage conflicts of interest, the governing body did not understand its role and was not in control, lack of clear delegated authorities, consistent lack of clear and quality information to the governing body to inform its decisions and poor audit trails of key decisions taken by the governing body.

Ruchazie was not complying with the Regulatory Standards of Governance and Financial Management which we considered posed an immediate risk to the interests of tenants and the reputation of Registered Social Landlords. So we used our statutory powers under Section 65 of the Housing (Scotland) Act 2010 (the Act) to appoint four people to the governing body in April 2018. This was reduced to three people in March 2019. We also appointed a statutory manager in March 2018 under Section 58 of the Act to address the serious and urgent risks to Ruchazie's governance and financial management.

We reviewed our engagement strategy for Ruchazie in December 2019 and continued the appointment of a statutory manager and two of the three governing body appointments until June 2020. The third was extended until April 2020. Since December 2019, we have continued to engage intensively with Ruchazie about the implementation of its governance improvement plan and the outcome of its strategic options review.

Ruchazie continues to make good progress in implementing its plans for improvement. The statutory manager has completed an evaluation of Ruchazie's progress and its governance improvement plan is substantially complete. A new staff structure has been finalised and a permanent senior officer has been recruited following a strategic options appraisal which concluded that Ruchazie would remain independent and collaborate with other organisations. The governing body has recently recruited five new members which will increase its skills and capability.

In light of this progress and having reviewed the remit for the appointment of the statutory manager, we are satisfied that the remit of the manager has been met. We

have therefore decided to end the appointment of the statutory manager at Ruchazie at the end of June 2020. The two statutory appointees to the governing body will continue until September 2020 when we will review our engagement strategy. The appointees will support Ruchazie to complete the remaining tasks in its governance improvement plan to ensure it complies with the Regulatory Standards.

Statutory Appointees' Remit

The appointees' remit is to:

- support Ruchazie to deliver the remaining tasks required to ensure compliance with all of the Regulatory Standards;
- support the Governing body as it inducts and embeds its five new members;
- support Ruchazie to sustain the improvements to comply with the Regulatory Standards without external support; and
- exercise the powers given under section 65(6) of the Act as they consider appropriate.

Ruchazie will now work to deliver the remaining tasks from its governance improvement plan to ensure that it is able to fully comply with the Regulatory Standards of Governance and Financial Management. It will also complete a number of key outstanding areas of work that need to be completed which are outlined in the statutory manager's evaluation report.

What Ruchazie must do

Ruchazie must:

- update us on a monthly basis about its progress in delivering the remaining tasks in its governance improvement plan, and the key outstanding areas of work identified in the statutory manager's evaluation report; and
- provide us with monthly governing body papers and minutes.

What we will do

We will:

- consider the monthly reports on progress from the senior officer and appointees;
- meet with Ruchazie as required to discuss progress in ensuring compliance with the Regulatory Standards of Governance and Financial Management; and
- carry out a review of our engagement strategy by the end of September 2020.

Regulatory returns

Ruchazie 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 Ruchazie>](#)

Our lead officer for Ruchazie Housing Association Ltd is:

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