

Wellhouse Housing Association Ltd

31 May 2016

This Regulation Plan sets out the engagement we will have with Wellhouse Housing Association Ltd (Wellhouse) during the financial year 2016/17. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Wellhouse was registered as a social landlord in 1994. It owns and manages 798 houses and provides factoring services to 51 owners in Easterhouse, Glasgow. It has charitable status and employs 20 people. Its turnover for the year ended 31 March 2015 was £3.02 million.

Wellhouse has been a major developer of rented housing and received high levels of public subsidy to achieve this. It has plans to deliver more new homes for social rent.

In December 2014, we used our statutory powers to appoint a manager to Wellhouse under section 58 of the Housing (Scotland) Act 2010 to address serious weaknesses in its governance and financial management. These weaknesses included breaches of financial covenants, potential tax liabilities, inappropriate receipt of payments and benefits, poor handling of conflicts of interest and potential breaches of charity law.

We appointed the manager to address the serious risks to Wellhouse's governance and financial management and assist the governing body to ensure that these issues were resolved and that Wellhouse's affairs were managed to an appropriate standard.

We continued the statutory appointment of a manager in January 2016 and have now reviewed this appointment again.

Wellhouse's governing body also co-opted two additional members with appropriate skills and expertise to support it. It appointed an interim Director in April 2015. In December 2015 Wellhouse completed an options appraisal and concluded that its preferred option was to remain an independent organisation. It appointed a new Director in May 2016 and is reviewing its staff structure. It has recently co-opted three new governing body members following a recruitment exercise.

Wellhouse's governing body has recognised the serious nature of the issues it faces and the failures and weaknesses in its compliance with our Regulatory Standards of Governance and Financial Management. The governing body has also recognised the risk these present to tenants' interests. It has worked openly and constructively with us and the appointed manager to put in place the necessary policies, internal controls and safeguards to ensure financial transparency and probity and implement the necessary improvements to ensure that Wellhouse meets our Regulatory Standards of Governance and Financial Management.

Wellhouse continues to make good progress in delivering the required improvements in its governance and financial management. It has plans in place to complete the remainder of its improvement plan actions by October 2016. This includes important actions on developing a new leadership team.

While we consider that Wellhouse continues to make good progress, the full remit we set for the appointed manager has not yet been delivered. Wellhouse has still to complete and consolidate improvements in areas of significant weakness in its governance and financial management which are a risk to tenants' interests and to the reputation of registered social landlords. We have therefore continued the appointment of a manager as it works to complete its action plan and to allow the recent changes it has made to bed in.

Wellhouse has also identified serious weaknesses in its approach to allocations and rechargeable repairs. It has consulted with service users and is reviewing its allocations policy to address these issues. It has reviewed its policy on rechargeable repairs.

Wellhouse reported that 78 properties failed to meet the Scottish Housing Quality Standard at 31st March 2015. To address this, the first phase of a programme of external wall insulation is now concluding and the final phase will begin in June 2016.

Our engagement with Wellhouse Housing Association Ltd – High

We will have high engagement with Wellhouse in light of the serious governance and financial issues it is dealing with.

1. We have continued the appointment of a manager until the end of November 2016. We will then review Wellhouse's progress with making the required improvements.
2. We expect Wellhouse to continue to engage with us to assure us it is making the necessary improvements to meet our Regulatory Standards of Governance and Financial Management.
3. We expect Wellhouse to continue to engage with us to assure us it is making the necessary improvements in its allocations and rechargeable repairs.
4. Wellhouse will update us with progress on SHQS by the end of September 2016.
5. We will provide feedback on the business plan and projections Wellhouse has provided to us by September 30th 2016.
6. Wellhouse 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 financial statements 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 Wellhouse Housing Association Ltd is:

Name: Eleanor Sneddon, Regulation Manager
Address: Europa Building, 450 Argyle Street, Glasgow, G2 8LG

Telephone:

0141 242 5860

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.