

Wellhouse Housing Association Ltd

30 November 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 796 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 2016 was £4.14 million.

Wellhouse has received significant levels of public subsidy in the past to develop rented housing. It is also considering plans to deliver more new homes for social rent in the future.

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 the manager in May 2016.

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. It continues to work to strengthen its governing body through recruitment.

Wellhouse's governing body has recognised the serious nature of the issues it faces. It has worked openly and constructively with us and the appointed manager to implement the necessary improvements to ensure that Wellhouse meets our Regulatory Standards of Governance and Financial Management. We consider that Wellhouse has made good progress in delivering the required improvements in its governance and financial management. Its governance improvement plan is now substantially complete.

We have again reviewed the statutory appointment of the manager. The remit we set out for the manager has been fulfilled and the serious and immediate risks to tenants' interests have been addressed. In light of this progress we have decided to end the appointment of the statutory manager. However Wellhouse has a continuing programme of improvement actions to ensure it fully complies with our Regulatory Standards. These include areas of risk such as strengthening the governing body, completing its staff restructure, risk management and embedding the new leadership and culture. We need to engage with Wellhouse as it manages a challenging period of change.

Wellhouse reports that 66 properties failed to meet the Scottish Housing Quality Standard at 9 November 2016. To address this, two phases of a programme of external wall insulation are now concluding.

Our engagement with Wellhouse Housing Association Ltd – High

We will continue to have high engagement with Wellhouse as it manages an intensive period of change and to monitor its ongoing improvements.

1. 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.
2. Wellhouse will provide its business plan and projections to us by December 2016. We will provide feedback on these by 31 January 2017.
3. Wellhouse will provide us with all governing body papers and minutes.
4. Wellhouse will update us with progress on SHQS by the end of December 2016.
5. 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:

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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.