

Regulation Plan

This Regulation Plan sets out the engagement we will have with Govan Housing Association Ltd. Our *Guide to How We Regulate* explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Govan became a registered social landlord (RSL) in January 1976. It has around 1,132 tenancies in the south west of Glasgow and provides factoring services to 410 homes. It employs 32 staff, has charitable status, and has one non-registered subsidiary, South Clyde Housing Ltd.

Govan's turnover for the year ended 31 March 2009 was £3.5 million. Its operating costs and interest charges are increasing. It has a development programme and participates in low cost home ownership activity.

We inspected Govan in May 2008 and awarded it a "C" grade, indicating a fair performance. Govan submitted an improvement plan setting out how it planned to respond to the recommendation in our inspection report.

We met with Govan's senior management team and gained assurance about its financial position and business strategy and got confirmation that its financial performance is consistent with its lending covenants. We have asked for some additional information this year.

Govan's performance in collecting rents and in letting its empty properties was amongst the poorest in the sector. The RSL provided information about the plans it has in place to improve performance in these areas.

Our engagement with Govan Housing Association Ltd - Medium

1. Govan should:

- keep us informed about the scale of its development programme and progress with sales in its upcoming developments;
- update us on the outcome of the stock condition survey in quarter four of 2010/11;
- provide us with an update of progress against its improvement plan in December 2010;
- provide longer term covenant information to us in quarter three;
- provide us with a copy of its a revised business plan in April 2011; and
- provide us with a copy of its asset management strategy in quarter three

2. We will review the RSL's progress in reducing arrears and letting empty properties when we receive its next APSR return at the beginning of June this year.

3. Govan should continue to 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
 - 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 guides to how we regulate, inspect, and intervene and other relevant statistical and performance information, can be found on our website at www.scottishhousingregulator.gov.uk.

Our lead officer for Govan 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.