

Regulation Plan

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

Regulatory profile

Tollcross is an established registered social landlord (RSL), registered in 1975. It has around 669 tenancies in the City of Glasgow, providing a mix of sheltered, supported and general needs housing. Tollcross is an Industrial and Provident society and is currently non-charitable but is in the process of converting to this status. Its turnover for the year ended 31 March 2008 was around £2.1 million and it employs 15 full time equivalent staff.

Serious governance issues emerged in May 2008 and to address these Tollcross HA carried out a governance review, produced an action plan for improvement, and gave us regular updates on progress against this. It identified a need to review its organisational structure including its senior staff structure and this led to changes in the management team. We need assurance that Tollcross has fully addressed all of the issues covered in its review and has made the necessary improvement to its governance and structure.

The Director left the organisation in December 2008 and Tollcross appointed a consultant as an Interim Director in January 2009. The initial recruitment drive to fill the post on a permanent basis was unsuccessful and the RSL is now planning to re-advertise this post towards the end of August 2009.

Two co-optees were appointed to Tollcross's management committee in July 2008 to assist the organisation to respond and effectively deal with the issues it is facing.

Tollcross HA is also considering a second stage transfer (SST) from GHA. It is currently waiting for GHA to provide it with a valuation for stock and once this is received, Tollcross will assess and review whether it should proceed with the transfer.

Tollcross faces other challenges, notably in meeting the Scottish Housing Quality Standard (SHQS). It reported in its 2008/09 APSR that it anticipated around 45% of its stock would not meet the SHQS by 2015 because of space restrictions in some tenemental properties. For this reason we need to liaise with Tollcross about the exact nature and number of exemptions required.

Performance in collecting rents has been poor. In 2007/08, the RSL's total arrears as a percentage of gross debit was over 7% and was amongst the poorest performance in Scotland. Its reported performance for 2008/09 indicated that its performance had improved although it was still amongst the poorest 25 performers across the country. Given the other challenges facing Tollcross we need to be assured that improvements in rent collection will continue to be made.

Our engagement with Tollcross - Medium

1. We will continue to liaise on a regular basis with Tollcross on its governance action plan for improvement. As part of this we will
 - expect Tollcross to discuss its plans to recruit to the post of Director with us;
 - meet with the co-optees and the Interim Director as required to discuss progress against the action plan; and
 - review progress with the governance action plan during quarter 2 of 2009/10.
2. We will liaise with Tollcross about its plans for meeting the SHQS and the number and nature of the exemptions it requires by the end of August 2009.
3. We will ask Tollcross for its written plans for improving its performance in collecting rents by the end of August 2009 and will review its progress through its 2009/10 APSR.
4. We will expect Tollcross to keep us informed of developments in its proposed SST from GHA
5. Tollcross 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 Tollcross HA 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.