

Landlord performance > Landlords > Calvay Housing Association Ltd

Engagement plan from 31 March 2023 to 31 March 2024

Landlord name

Calvay Housing Association Ltd

Publication date

31 March 2023

Regulatory status

Working towards compliance

The RSL does not meet regulatory requirements, including the Standards of Governance and Financial Management, and it is working to achieve compliance.

Why we are engaging with Calvay Housing Association Ltd (Calvay)

We are engaging with Calvay about its **governance** and **development plans**.

In March 2022 we received information that led us to put Calvay's regulatory status under review. The information related to concerns we had about Calvay's compliance with the Regulatory Standards of Governance and Financial Management (Regulatory Standards), in particular, Regulatory Standard 1.

Calvay commissioned an independent investigation to address these concerns. To allow us to complete our review of its regulatory status, we required Calvay to provide us with a copy of the remit for the independent investigation together with a copy of the investigation report and its proposals to address the governance issues.

Calvay has completed an Organisational Structure Review and an independently supported Committee Skills Appraisal of Management Committee members. The Committee Skills Appraisal identified failures in compliance with Regulatory Standards.

The failures include lack of effective oversight by the Management Committee, significant gaps in the skills and knowledge of Management Committee members including its understanding of its role as an employer, weaknesses in the Management Committee's handling of its relationship with the senior officer and potential breaches of the Code of Conduct by Management Committee members.

Calvay's 2022 Annual Assurance Statement identified areas of non-compliance with Regulatory Standards and confirmed it will develop an action plan to address this.

Our assessment is that Calvay does not comply with Regulatory Standards 1 and 6 and we have serious concerns about its compliance with Regulatory Standards 4 and 5. We are engaging with Calvay to seek assurance about its compliance with regulatory requirements, including the Regulatory Standards, and about its capacity and capability to deliver the improvements required.

Calvay has developed some proposals to address these issues, including the co-option of two individuals to support the Management Committee. Calvay is seeking additional HR advice to support the Management Committee in its role as an employer and it plans to carry out an independent governance review.

Calvay is working constructively and openly with us.

Calvay has plans to grow through a programme of new homes for social rent and will receive significant public subsidy to help achieve this.

The Housing (Scotland) Act (2010) requires us to monitor and assess the financial well-being, governance and performance of each Registered Social Landlord (RSL).

Our current assessment is that Calvay is working towards compliance with the Regulatory Standards of Governance and Financial Management. We set out below the information that Calvay must provide in order to assure us that it can achieve compliance.

What Calvay must do

Calvay must:

- provide us with evidence relating to whether the association complies with regulatory requirements, including Regulatory Standards, and the outcome from its planned independent governance review;
- provide us with an action plan detailing how it intends to address the findings of the Organisational Restructure and Committee Skills Appraisal Reports;
- provide us with assurance that it is taking independent HR advice to support the Management Committee in its role as an employer;
- send us by 30 April 2023:
 - its approved business plan, the report to Board on the business plan
 - and its risk register; and
 - evidence of how it demonstrates affordability for its tenants;
- send us an update on its development programme by 31 October 2023. This will include its latest report to the governing body/appropriate committee about development and details of the scale and tenure mix, timescales for delivery and any material delays or changes to the programme; and
- tell us if there are any material adverse changes to its development plans which might affect its financial position or reputation, in line with our notifiable events guidance.

What we will do

We will:

- assess the evidence Calvay provides relating to its compliance with regulatory requirements, including Regulatory Standards;
- review the action plan setting out how Calvay intends to address the findings of the Organisational Structure Report and the Committee Skills Appraisal;
- engage with Calvay as required to seek assurance that it has secured appropriate independent HR advice to support the Management Committee in its role as employer;

- meet with Calvay's senior staff to discuss the business plan and risks to the organisation;
- review the development update and engage as necessary;
- review our regulatory status in light of this; and
- update our published engagement plan in the light of any material change to our planned engagement with Calvay.

Regulatory returns

Calvay 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.

It should also notify us of any material changes to its Annual Assurance Statement, and any tenant and resident safety matter which has been reported to or is being investigated by the Health and Safety Executive or reports from regulatory or statutory authorities or insurance providers, relating to safety concerns.

Our lead officer for Calvay Housing Association Ltd is:

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