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Engagement plan from 26 October 2023 to 31 March 2024

Landlord name

Calvay Housing Association Ltd

Publication date

26 October 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 stock quality**.

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.

Calway commissioned an independent investigation to address these concerns. To allow us to complete our review of its regulatory status, we required Calway 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.

Calway 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 included a 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.

In December 2022 we changed Calway's regulatory status to working towards compliance. Our assessment was that Calway did not comply with Regulatory Standards 1 and 6 and that we had serious concerns about its compliance with Regulatory Standards 4 and 5.

In February 2023 Calway commissioned an independent review of its compliance with Regulatory Standards and requirements. The review concluded in June 2023 and found non-compliance with Regulatory Standards 1,3,4,5 and 6.

The findings include a lack of formal policies and procedures and Management Committee oversight in relation to tenant and resident safety, an absence of analysis of financially sustainable rent increases in advance of consulting with tenants, weaknesses in risk management arrangements, gaps in the skills and experience of the Management Committee and weaknesses in succession planning arrangements for the Management Committee.

Calway has developed a governance action plan to address the findings and we are engaging with Calway to seek assurance about progress in addressing the non-compliance.

It is taking action to increase the capacity of the Management Committee by co-opting two individuals and is currently taking forward further recruitment. Calway has commissioned additional HR advice to support the Management Committee in its role as an employer.

Calway identified failure in the render to some of its homes which will require substantial work and investment to resolve. Calway is taking forward plans to make immediate repairs to address any risks to tenant and resident safety and is developing proposals to rectify the issues in the longer term. We are engaging with Calway to seek assurance the identified defects are addressed.

Calvay is working constructively and openly with us.

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 monthly updates on progress with its governance action plan;
- provide us with monthly updates on its progress in addressing the failing render in its homes; and
- keep us updated on progress with the ongoing work to support to the Management Committee in its role as an employer.

What we will do

We will:

- review progress with the governance action plan and engage as appropriate;
- review the updates on Calvay's work to address failing render in its homes and engage as appropriate;
- consider the updates on work to support the Management Committee in its role as employer;
- meet with Calvay's senior staff to discuss its business plan and risks to the organisation;
- review our regulatory status in the 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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