

Thistle Housing Association Ltd

23 August 2018

This Regulation Plan sets out the engagement we will have with Thistle Housing Association Ltd (Thistle) during the financial year 2018/19. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Thistle was registered as a social landlord in 2001. It owns and manages 947 homes in the south of Glasgow and factors a further 786 for owners. It employs 22 people and has charitable status. Thistle has one unregistered subsidiary, Toryglen Community Trust which is not currently trading.

As at 31 March 2017 Thistle's turnover for the year was just under £6 million and its debt per unit was £10,385.

Engagement

During 2017/18, we engaged with Thistle around serious delays and difficulties in managing a substantial contract, its governance capacity, risk management and its communications with service users and stakeholders. We also engaged around weaknesses in Thistle's approach to complaints handling.

Thistle has engaged openly with us throughout. Two co-optees joined the governing body in August 2017 to strengthen its skills and expertise.

In October 2017 Thistle commissioned an independent review of its compliance with the Regulatory Standards of Governance and Financial Management. The review, completed in March 2018, identified widespread compliance failures across all six standards. Our assessment is that Thistle is not compliant with the Regulatory Standards of Governance and Financial Management. In particular, the review found that the governing body was unable to demonstrate that it has the skills and knowledge required to be effective (standard 6) and that there were serious weaknesses in Thistle's openness and communications with its tenants and service users (standard 2). With Thistle's non-compliance with Regulatory Standard 2 and its failure to engage effectively with stakeholders, we consider that Thistle is also failing to meet outcome two of the Scottish Social Housing Charter.

The governing body has accepted the findings from the review and has agreed an extensive and ambitious Governance Improvement Programme to address the review recommendations and to bring about transformational change in the organisation. It has commissioned independent consultants to support it to deliver aspects of the programme over the next 12 months.

However, delivering the change needed at Thistle requires strong leadership and expertise. In our previous engagement Thistle has not always delivered, or been very slow to deliver, agreed actions. It has been unable to assure us that it has the governance and leadership capacity necessary to achieve compliance with the Regulatory Standards and outcome two

of the Scottish Social Housing Charter in relation to its communication with its tenants and service users without expert support.

We therefore need to use our statutory powers under sections 57 and 58 of the Housing (Scotland) Act 2010 to appoint a manager to Thistle and section 65 to appoint five members to the governing body.

The manager is being appointed to manage Thistle's housing activities generally under section 57, and to manage Thistle's financial and other affairs generally under section 58 of the Housing (Scotland) Act 2010.

The manager's remit will focus on but is not limited to:

- addressing the governance failings identified in Thistle Housing Association's Governance Review (March 2018) and any other governance issues identified;
- overseeing delivery of the Governance Improvement Programme and embedding sustainable change in the organisation;
- supporting the governing body to ensure that Thistle complies with the Regulatory Standards of Governance and Financial Management and outcome two of the Scottish Social Housing Charter;
- carrying out an audit of Thistle's Annual Return on the Charter;
- ensuring that Thistle's stakeholders, including its tenants and funders are kept up to date with progress on addressing the issues that have led to intervention; and
- carrying out a review to identify the best strategic solutions for Thistle's tenants and service users.

The appointment of five members to the governing body is being made under section 65 of the Housing (Scotland) Act 2010 for the proper management of Thistle Housing Association's financial or other affairs.

The appointees will lead on and prioritise:

- addressing the failings in governance identified in Thistle Housing Association's Governance Review (March 2018) and any other governance issues identified;
- supporting the governing body to implement the Governance Improvement Programme and embed sustainable change in the organisation;
- supporting the governing body to ensure that Thistle complies with the Regulatory Standards of Governance and Financial Management and outcome two of the Scottish Social Housing Charter; and
- supporting the manager and the governing body to carry out a review to identify the best strategic solutions for Thistle's tenants and service users.

Our engagement with Thistle Housing Association Ltd in 2018/19 – High

We will engage with Thistle as it addresses the serious weaknesses in its governance.

1. The manager and five appointees to the governing body will report to us on progress in addressing their remit. The appointments are for a period of six months from August 2018. We will review Thistle's progress in addressing the issues identified during this time.
2. We will engage with Thistle as it progresses its proposals to address its serious governance weaknesses.
3. Thistle will send us its monthly Board papers and minutes. We will review these and liaise with Thistle as appropriate.

4. Thistle 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;
 - Annual Return on the Charter; and
 - the return on the Energy Efficiency Standard for Social Housing.

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 Thistle 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.