

Charing Cross Housing Association Ltd

Regulatory Status: Working towards compliance

Charing Cross Housing Association Ltd (Charing Cross) does not meet the Standards of Governance & Financial Management and regulatory requirements, and it is working towards compliance.

Why we are engaging with Charing Cross

We are engaging with Charing Cross about its **governance and financial management**.

COVID-19 has significantly impacted the services provided by social landlords in 2020 and will continue to influence how services are provided in 2021. We will continue to monitor, assess and report upon how each landlord is responding and we will keep our regulatory engagement under review so that we can continue to respond to the challenges of COVID-19.

We originally engaged with Charing Cross as the Chair had been in post for 19 years. Nine out of twelve governing body members had also been on the governing body for over nine years. We identified this issue through our annual risk assessment. We engaged to seek assurance about its approach to governing body recruitment, skills assessment, performance evaluation and succession planning.

Charing Cross carried out an independent review of its compliance with the Regulatory Standards of Governance and Financial Management (the Regulatory Standards). This was completed in September 2019. The review identified material non-compliance with the Regulatory Standards. Charing Cross did not take effective action to address its governance and financial management weaknesses which contributed to this non-compliance. We were not assured the Management Committee understood the seriousness of these weaknesses, and it failed to demonstrate a willingness and ability to take the actions needed to comply with Regulatory Standards.

We have also engaged with Charing Cross regarding allegations relating to breaches of its Code of Conduct.

In December 2020 Charing Cross decided to implement a number of actions to address its weaknesses. At our request it co-opted four individuals to the Management Committee to improve its capacity and support it to make the necessary improvements. It agreed to develop its governance improvement plan to address the findings of the governance review and to carry out an independent investigation into the allegations regarding breaches of its Code of Conduct. It also agreed to take steps to address a number of other governance issues we raised with Charing Cross including its management of proxy voting at general meetings.

In January 2021 we decided to monitor Charing Cross's progress in taking forward its agreed actions over the next four months. We will review our regulatory strategy in May 2021.

Given our concerns about Charing Cross's non-compliance with Regulatory Standards we have asked Charing Cross to assure us it complies fully with its obligations in relation to tenant and resident safety.

Charing Cross is currently taking forward its agreed actions to address its weaknesses.

Charing Cross is carrying out a strategic options appraisal.

Charing Cross has also told us it needs private finance during 2021/22 to support its investment plans.

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

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

What Charing Cross must do

Charing Cross must:

- develop and start to implement a governance improvement plan which will address its non-compliance with the Regulatory Standards of Governance and Financial Management;
- carry out an independent and robust investigation into the allegations regarding breaches of its Code of Conduct and act on the findings;
- work openly and co-operatively with the co-opted Management Committee members and take action to further improve the capacity of the management committee;
- provide us with assurance it fully complies with its obligations in relation to tenant and resident safety;
- act on the findings of its internal audit investigation into the management of proxy voting at general meetings;
- send us papers and minutes for its Management Committee meetings;
- keep us informed about progress with its strategic options appraisal and share the outcome of the options appraisal with us;
- take action to address the additional governance concerns we have raised with it; and
- send us by 30 April 2021:
 - an update on the borrowing requirement for 2021/22; and

- if additional borrowing is still required its latest projected monthly cash flows for the 12 months to 31 March 2022.

What we will do

We will:

- monitor the progress Charing Cross makes with its agreed actions and liaise as necessary to ensure it meets Regulatory Standards and tenants interests are protected;
- carry out a review of our regulatory strategy at the beginning of May 2021;
- keep our regulatory strategy under review and adjust it in response to emerging risks and issues;
- review the cash flow projections and follow up if necessary; and
- update our published engagement plan in light of any material change to our planned engagement with Charing Cross.

Regulatory returns

Charing Cross 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.



[Read more about Charing Cross>](#)

Our lead officer for Charing Cross Housing Association Ltd is:

Name: Paul Milligan , Regulation Manager
Address: Buchanan House, 58 Port Dundas Road, Glasgow G4 0HF
Telephone: 0141 242 5869
Email: paul.milligan@shr.gov.scot