

Engagement plan from 9 April 2021 to 25 July 2021

Landlord name

Weslo Housing Management

Publication date

09 April 2021

Regulatory status

Compliant

The RSL meets regulatory requirements, including the Standards of Governance and Financial Management.

Why we are engaging with Weslo

We are engaging with Weslo about its **governance, financial health** and its **plans for a transfer of engagements to Link Group Ltd (Link)**.

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.

Weslo identified serious weaknesses in its governance and performance management meaning it was unable to validate stock condition information and verify information

in its Annual Return on the Charter (ARC). Weslo informed us of these issues in April 2019. It has taken measures to strengthen these areas. It decided that to fully understand the underlying causes of the weaknesses it would commission an independent investigation. Weslo has provided us with the report resulting from this investigation. It has also undertaken an independent review of its governance and financial management to assess compliance against the Regulatory Standards of Governance and Financial Management (the Regulatory Standards), commissioned a report on current governance practice and performance, and provided us with an action plan to deal with the key points highlighted in both reports.

The review of Weslo's governance and financial management identified several areas where it did not meet the Regulatory Standards. Weslo provided a copy of its Improvement Plan to address these shortfalls and Weslo's current Annual Assurance Statement (AAS), accompanied by an Annual Assurance Action Plan, now states that they are fully compliant. Non material elements of the Action Plan have been paused whilst a transfer of engagements process is underway.

The investigation into its stock condition data prompted Weslo to undertake a 100% stock condition survey, which indicated that it had significantly underestimated the level of future investment required in its existing stock. In light of this Weslo has decided to put all future development on hold.

In February 2020, following the retirement of Weslo's Chief Executive Officer, the Board commissioned a full options appraisal into Weslo's future direction and engaged external support to complete this. To assist them through this and to provide strategic leadership to the organisation, the Board also engaged external support from an interim Chief Executive.

As a result of the strategic review of its options, Weslo decided to pursue a partnership with another Registered Social Landlord (RSL) and sought expressions of interest from six RSLs for this. In August 2020 it identified its preferred partner as Link and is taking forward the arrangements for a transfer of engagements to Link. Weslo and Link prepared a business case for the transfer on which Weslo's tenants have now been consulted. Weslo's tenants supported the proposal in an independent tenant ballot and Weslo is now taking forward the next steps in the proposed transfer of engagements.

Weslo has been engaging with us openly and constructively as it works to complete the transfer of engagements.

What Weslo must do

Weslo must:

- update us on progress with its proposed transfer of engagements to Link.

What we will do

We will:

- continue to receive assurance Weslo is meeting the Regulatory Standards;
- liaise with Weslo on its proposals for a transfer of engagements to Link; and
- update our published engagement plan in light of any material change to our planned engagement with Weslo.

Regulatory returns

Weslo must provide us with the following annual regulatory returns and alert us to notifiable events as appropriate:

- Audited financial statements and external auditor's management letter;
- loan portfolio return; 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 Weslo Housing Management is:

Simon Stone

Regulation Manager

Buchanan House
58 Port Dundas Road
Glasgow
G4 0HF

0141 242 5552

simon.stone@shr.gov.scot

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