

ANCHO Ltd

29 March 2018

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

Regulatory profile

ANCHO was registered as a social landlord in 2000. ANCHO currently owns and manages around 673 homes and provides factoring services to 197 owners in North Ayrshire. It has charitable status and employs around 19 people.

As at 31 March 2017 ANCHO's turnover for the year was £3million and its debt per unit was £9,074.

Engagement

During 2017/18 we have been engaging with ANCHO as it developed its proposals to enter into a constitutional partnership with Cairn Housing Association (Cairn) to seek assurance that the proposal is in the best interests of tenants. We have also been seeking assurance from ANCHO on a number of governance issues.

We have reviewed ANCHO's business case to support this proposal and this will now be followed up by formal tenant consultation and a tenant ballot during 2018. We will consider its outcome to ensure the proposal is in the best interests of tenants. ANCHO is engaging positively with us about its governance issues and is taking action to address these issues. Following the completion of the partnership proposals, ANCHO has committed to carry out a comprehensive review of its governance and financial management against our Regulatory Standards and develop an action plan to address any issues arising from this.

We note from ANCHO's five year financial projections that it is forecasting a significant cash outflow. We will monitor this position following receipt of its projections in 2018/19.

Our engagement with ANCHO Ltd in 2018/19 – Medium

We will engage with ANCHO because it is considering entering into a constitutional partnership with Cairn and managing a number of governance issues.

1. We will assess ANCHO's final business case in support of its proposals to enter into a constitutional partnership with Cairn when it has completed the formal tenant consultation and tenant ballot and feedback any regulatory concerns.
2. We will engage with ANCHO to discuss how it will progress the comprehensive review of its governance and financial management and work through an agreed action plan.
3. ANCHO 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 ANCHO 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.