

ANCHO Ltd

18 August 2017

This Regulation Plan sets out the engagement we will have with ANCHO Ltd (ANCHO) during the financial year 2017/18. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

ANCHO was registered in 2000. It owns and manages 672 houses and provides factoring services to 197 owners. ANCHO has charitable status and employs 19 people.

As at 31 March 2016 its turnover, for the year, was just over £3.1 million and its debt per unit was £12,470.

Engagement

We have been engaging with ANCHO as it develops 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, including its handling of conflicts of interests and notifiable events. As a result of its investigations into these issues, ANCHO has identified a number of weaknesses in its governance and financial management. We require ANCHO 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 and the weaknesses already identified.

ANCHO's two most senior officers have left the organisation and it has appointed an interim senior officer.

We note from the five year financial projections that ANCHO is forecasting an overall net cash outflow. We will continue to monitor this position as it provides us with further information in respect of the constitutional partnership.

Our engagement with ANCHO Ltd in 2017/18 – Medium

We will engage with ANCHO because it is considering entering into a constitutional partnership with Cairn and to address weaknesses in its governance and financial management.

1. We will assess ANCHO's business case in support of its proposals to enter into a constitutional partnership with Cairn and feed back any regulatory concerns or additional information requirements.
2. We will engage with ANCHO to discuss how and when it will progress the comprehensive review of its governance and financial management and how it will address any issues arising from this as part of its proposal to enter into a

constitutional partnership.

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.