

Abbeyfield Scotland Ltd

31 March 2016

This Regulation Plan sets out the engagement we will have with Abbeyfield Scotland Ltd (Abbeyfield Scotland) during the financial year 2016/17. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Abbeyfield Scotland provides sheltered and very sheltered housing for 141 elderly residents in 16 Abbeyfield houses across 9 local authority areas. It is a registered charity and employs 105 people, mainly support staff. Abbeyfield Scotland's turnover at the end of March 2015 was just over £2.54 million.

During 2015/16 we reviewed Abbeyfield Scotland's financial returns, management accounts and its business plan. In addition we were provided with regular updates on the implementation of changes within the organisation.

Abbeyfield Scotland had previously reviewed its asset management strategy which has resulted in the closure of several properties. Some have already been sold with the remainder being marketed for sale. Abbeyfield Scotland's objective is to ensure that its business model and properties are fit for purpose and will meet demand from current and future tenants. The disposal programme is central to the review of Abbeyfield Scotland's future direction.

We will continue to engage with Abbeyfield Scotland over its disposal programme and in particular its effect on their financial projections.

To assess the risk to social landlord services we have reviewed and compared the performance of all Scottish social landlords to identify the weakest performing landlords. We found that Abbeyfield Scotland is in the bottom quartile for all social landlords in relation to time to complete emergency and non-emergency repairs and gas safety checks.

We also found that Abbeyfield Scotland is in the bottom quartile in relation to re-let times and rent lost due to empty properties. This is significantly affected by the disposal programme it is undertaking.

Performance in relation to rent collected compared to the rent due is also in the bottom quartile and is as a result of the on-going closure programme.

Our engagement with Abbeyfield Scotland Ltd– Medium

We will have medium engagement with Abbeyfield Scotland in 2016/17 because of its continuing business change programme involving significant house sales and the implications for its long term viability, as well as its service quality activities.

1. Abbeyfield Scotland will send us by the end of December 2016:
 - its approved business plans including commentary on the results of its sensitivity analysis and risk mitigation strategies;

- 30 year financial projections consisting of a statement of comprehensive income, statement of financial position and statement of cash flow;
 - sensitivity analysis which considers the keys risks including; its reports to the Board in respect of the 30 year projections and sensitivity analysis; and
 - evidence of how it demonstrates affordability for its tenants.
2. Abbeyfield Scotland will also from the end of July 2016:
 - send us quarterly management accounts including year end budgets and forecasts and the related Board reports; and
 - update us quarterly on progress with its disposal strategy.
 3. We will:
 - provide feedback on the business plan and financial projections in January 2017.
 - meet senior staff and the Chair to discuss its business model, strategy and the challenges facing the organisation;
 - review the management accounts quarterly and liaise as necessary with Abbeyfield Scotland; and
 - engage with Abbeyfield Scotland about the service quality areas we have highlighted.
 4. Abbeyfield Scotland 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; and
 - Annual Return on the Charter.

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 Abbeyfield Scotland 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.