

Abertay Housing Association Ltd

29 March 2018

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

Regulatory profile

Abertay was registered as a social landlord in 1997. Abertay currently owns and manages 1,736 homes and provides factoring services to 2,195 owners. It has charitable status and employs around 40 people.

As at 31 March 2017 Abertay's turnover for the year was just under £8.1 million and its debt per unit was £8,125.

Engagement

We have been engaging with Abertay in relation to notifiable events concerning its governance and met the Chair and Chief Executive to discuss this. Abertay has developed an action plan to strengthen its governance and plans to carry out a self assessment against the Regulatory Standards of Governance and Financial Management this year. We will engage with Abertay to gain assurance that it is complying with the Regulatory Standards.

We note from its latest Audited Financial Statements that Abertay reported a deficit and net current liability position. We have reviewed all Abertay's financial returns for 2016/17 and we will engage with it to gain assurance about its current and projected financial performance.

Following a break from development, Abertay plans to start developing new homes for social rent and will receive public subsidy to help achieve this.

Our engagement with Abertay Housing Association Ltd in 2018/19 – Medium

We will engage with Abertay to gain assurance about its governance, development activities and medium term financial position.

1. Abertay will send us by 30 June 2018:
 - its approved business plan;
 - 30 year financial projections consisting of statement of comprehensive income, statement of financial position and statement of cash flow complete with assumptions and explanatory narrative;
 - financial sensitivity analysis which considers the key risks, the mitigation strategies for these risks and a comparison of the resultant covenant calculations with the actual current covenant requirements;
 - the report to the Board in respect of the approved 30 year projections,

- sensitivity analysis and covenant compliance; and
 - evidence of how it demonstrates affordability for its tenants.
2. Abertay will send us an update, including the report to the Board, on its development programme by 31 October 2018. This will include details of the units and tenure types to be delivered, timescales, completions and any material delays or changes to the programme.
 3. We will:
 - meet with Abertay's Chair and Chief Executive by 30 April 2018 to discuss their proposals for addressing the governance issues and its plans to complete a self assessment against Regulatory Standards;
 - agree a timetable for completing the governance assurance work with Abertay;
 - review and give feedback on Abertay's business plan and financial information in quarter two of 2018/19; and
 - review Abertay's development update in quarter three of 2018/19.
 4. Abertay 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 Abertay Housing Association 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.