

Argyll Community Housing Association Ltd

28 March 2013

This Regulation Plan sets out the engagement we will have with Argyll Community Housing Association Ltd (ACHA) during the financial year 2013/2014. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

ACHA was registered and took ownership of its stock from Argyll and Bute Council in November 2006. It has now obtained charitable status and owns around 5,100 houses and a further 110 commercial properties and garages. Its turnover at 31 March 2012 was just under £19.8 million and it employs 209 full time equivalent staff.

Given ACHA's size and location, turnover, debt and the scale of its investment activity we consider it to be of systemic importance. Our engagement with ACHA during 2012/13 has provided assurance about its strategic management and controls.

During the year ACHA has implemented some constitutional and organisational changes. It has reviewed how it delivers its repairs service and has established a subsidiary, Argyll Homes for All (AHFA), which will begin trading in April 2013. AHFA will deliver a significant majority of responsive and cyclical maintenance under contract to ACHA and manage all of ACHA's non-charitable business services. We will want to engage with ACHA to gain assurance about the performance of the new subsidiary during its first year and its impact on the parent.

ACHA's Customer Service Centre extended its areas of operation during 2012/13 and also the range of services it provides to include arrears and allocation advice.

Over the last year ACHA has invested in its properties and anticipates that 60% will meet SHQS by the end of March 2013. It has significant work to do but plans to meet the standard by April 2015 and has comprehensive stock condition information to base investment plans on.

ACHA has a significant number of development projects for social rent on site and scheduled to start in the coming year with grant funding from both the Scottish Government and Argyll and Bute Council. It plans to continue developing in partnership with Argyll and Bute Council's Rural Housing Development Fund to deliver more properties for social rent.

A high proportion of ACHA's staff are not enrolled in a pension scheme (31.87% as at March 2012). Although ACHA's auto enrolment staging date is not until 2014 we will therefore want to see that that ACHA has considered the impact of auto enrolment on its business and that plans are in place to manage this.

Our engagement with ACHA – Medium

We consider ACHA to be of systemic importance because of its turnover, debt and the scale of its investment activities. In light of this and its subsidiary and investment activity we will have medium engagement with it in 2013/14.

1. ACHA will provide us with:
 - minutes of its governing body and audit committee meetings;
 - in May, a copy of its updated business plan and financial projections including the income and expenditure account; balance sheet and cash flow statements; covenant calculations and results;
 - in May, information on the anticipated impact of auto-enrolment; and how the impact of this and welfare reform has been factored into its financial projections;
 - in May a copy of its risk management strategy and risk register;
 - in quarter three a progress report on AHFA's financial and service performance including a copy of the subsidiary management accounts as at 30 September 2013; and
 - an update on SHQS in December 2013 to let us see progress at the mid-year.
2. We will:
 - liaise with ACHA in June on any further requirements once we have reviewed its revised business plan and financial projections;
 - meet senior staff and the Chair in quarter three to discuss progress with AHFA, SHQS and the key challenges facing ACHA; and
 - review the minutes of the governing body and audit committee meetings.
3. ACHA 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 annual accounts and external auditor's management letter;
 - loan portfolio return;
 - five year financial projections including all SHQS costs; and
 - annual performance and statistical return.

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 ACHA 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.