

Argyll Community Housing Association Ltd

Regulatory Status:

We have not included a regulatory status in this box. After we receive the first annual Assurance Statements in October 2019 from all landlords and complete our annual risk assessment we will give Registered Social Landlords (RSLs) a regulatory status in line with our Regulatory Framework.

Why we are engaging with Argyll Community Housing Association Ltd (ACHA)

We are engaging with ACHA because it is a **systemically important** landlord and about its **financial management**.

We refer to a small number of RSLs as systemically important because of their stock size, turnover or level of debt or because of their significance within their area of operation. We need to maintain a comprehensive understanding of how their business models operate, and how they manage the risks they face and the impact these may have. So we seek some additional assurance through our engagement plans. Given ACHA's significance in its area of operation we consider it to be systemically important.

ACHA's subsidiary, Argyll Homes for All (AHFA), which provides the property maintenance and repairs service to ACHA, has improved its financial performance but continues to report a small net operating deficit position.

ACHA has plans to develop new affordable housing for social rent. It also has a substantial programme of capital investment in its existing homes.

ACHA is the only registered social landlord which manages designated sites for Gypsy Travellers. It has completed work on its two sites to ensure that they meet the physical requirements of the Scottish Government's minimum standards. It is now working with residents and their representative group and other agencies to address other site issues and enable residents to sign the new occupancy agreement.

What ACHA must do

ACHA must:

- send us by 30 June 2019:
 - its approved business plan and updated risk register;
 - 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;
 - a comparison of projected financial loan covenants against current covenant requirements;

- financial sensitivity analysis which considers the key risks, the mitigation strategies for these risks and a comparison of the resulting 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;
- provide copies of its Board and audit committee minutes as they become available;
- update us quarterly on progress with its Gypsy / Traveller sites; and
- tell us if there are any material adverse changes to its plans which might affect its financial position or reputation, in line with our notifiable events guidance.

ACHA must send us for its subsidiary AHFA:

- by 30th June 2019
 - AHFA's approved business plan;
 - its 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 and compares the resulting covenants with the actual current covenant requirements (where applicable) including risk mitigation strategies; and
 - reports to the Board of AHFA and ACHA in respect of the approved financial projections and sensitivity analysis;
- by 30th November 2019 management accounts as at 30th September 2019.

What we will do

We will:

- review the minutes of the Board and audit committee meetings and liaise as necessary;
- review the business plan and financial projections; and
- meet with ACHA's senior staff and Chair in quarter two of 2019/20 to discuss the group's business plans, supporting financial information, progress with the capital investment programme and Gypsy Traveller sites and the risks and challenges facing the organisation.

Regulatory returns

ACHA must provide us with the following annual regulatory returns and alert us to notifiable events as appropriate:

- Annual Assurance Statement;
- 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.



[Read more about Argyll Community Housing Association Ltd >](#)

Our lead officer for Argyll Community Housing Association Ltd is:

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