

Argyll Community Housing Association Ltd

4 April 2012

This Regulation Plan sets out the engagement we will have with Argyll Community Housing Association Ltd (ACHA) during the financial year 2012/13. 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 is the eighth largest registered social landlord (RSL) in Scotland with around 5100 houses and a further 110 commercial properties and garages. Its turnover at 31 March 2011 was around £27.2 million and it employs 192 full time equivalent staff.

Given ACHA's size, turnover, debt and the scale of its investment activity we consider it to be of systemic importance. Our engagement with ACHA during 2011/12 has provided assurance about its strategic management and controls. ACHA has completed its improvement plan following inspection and submitted this to us in March. ACHA has reviewed how it delivers its repairs service and has decided to deliver this through a subsidiary which will manage all of its non-charitable business services. ACHA will keep us informed of progress at key stages.

ACHA is extending the range of services provided by its Repairs Control Centre to include arrears and then allocation advice. This will become a Customer Service Centre.

ACHA now has good stock condition data and is in the process of constructing further investment programmes based on this. It made better progress than anticipated last year in achieving the Scottish Housing Quality Standard (SHQS) but still has significant work to do to achieve SHQS by 2015. It anticipates achieving close to its target of 46% stock compliance as at 31 March 2012.

Energy efficiency issues are being tackled and ACHA anticipates that only a very limited number of homes will not meet the required energy standards by 2015. It is working to maximise owner occupier participation in contracts and is liaising closely with Argyll and Bute Council.

ACHA continues to develop new homes both for itself and in partnership with another housing association. It also successfully bid for one project from the Scottish Government's Innovation and Investment Fund and gained funding from Argyll and Bute Council's Rural Housing Development Fund which will deliver properties for social and mid market rent. Some of its development and investment contracts were delayed because of its contractor, Connaught, going into administration. ACHA provided us with assurance about its ability to manage the impact on its business and has successfully completed these contracts.

Our engagement with Argyll Community Housing Association – Medium

We consider ACHA to be of systemic importance because of its turnover, debt and the scale of its investment activities. So we will have medium engagement with it in 2012/13.

1. ACHA will provide:
 - a copy of its current business plan including 30 year projections, cashflows, covenant calculations and sensitivity analysis in May 2012;
 - an update on progress with establishing a subsidiary;
 - an update on SHQS progress as at the end of September once this is available; and
 - minutes of its governing body and audit committee meetings.
2. We will:
 - feedback on the final report on progress against the improvement plan in April;
 - liaise with ACHA in June on any further requirements once we have reviewed its revised business plan; and
 - meet senior staff and the Chair in quarter three to discuss progress with SHQS and the key challenges facing it; 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.