

Argyll Community Housing Association Ltd

3 July 2017

This Regulation Plan sets out the engagement we will have with Argyll Community Housing Association Ltd (ACHA) during the financial year 2017/18. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

ACHA was registered and took ownership of homes from Argyll and Bute Council in November 2006. It has charitable status, owns 5,150 homes and factors a further 263 properties. It employs 155 full time equivalent staff. As at the 31 March 2016 ACHA's turnover for the year was over £24 million and its debt per unit was £7,364.

It has one unregistered subsidiary, Argyll Homes for All (AHFA) which delivers the majority of ACHA's responsive and cyclical maintenance under contract to ACHA. It also manages ACHA's non-charitable business services.

Systemic importance

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, how they manage the risks they face and the impact these risks may have. So we seek some additional assurance through our regulation plans. Given the combination of ACHA's size, turnover, level of debt and geographic importance, we consider it to be systemically important.

Engagement

During 2016/17 we reviewed ACHA's Corporate Strategic Plan and Business Plan including its 30-year projections and asset management strategy. We engaged with the executive team and the Chair to discuss the risks and challenges within the plans to gain on-going assurance about ACHA's financial position. We received assurance about its approach to asset management and will liaise further about its investment and stock rationalisation proposals. We also engaged with ACHA on work it was doing to consider rent affordability. We will engage further about the phased implementation of the rent restructuring exercise.

ACHA carried out an independent governance review in 2015. This review identified a number of weaknesses in ACHA's governance and it took forward a range of improvements to address these. ACHA has now provided us with assurance that this work is complete and that it has addressed the governance weaknesses previously identified.

We also engaged with ACHA about its subsidiary AHFA and reviewed management accounts and projections to gain assurance about its financial position. AHFA reviewed its contracts during 2016/17 and completed a limited restructure following the appointment of a new Managing Director.

ACHA is the only registered social landlord which manages designated sites for Gypsy Travellers. It has plans in place to ensure its sites meet the minimum standards set by Scottish Government in advance of the June 2018 deadline. It has also consulted on

proposals to close one of its sites which has been vacant for almost three years and will be reaching a decision shortly.

ACHA has an on-going development programme of new housing for social rent and will continue to receive significant public subsidy to help achieve this.

Our engagement with Argyll Community Housing Association Ltd in 2017/18 – Medium

We will engage with ACHA because it is systemically important and to gain further assurance around its investment and subsidiary activities.

1. ACHA has provided its most recent Corporate Strategic Plan for 2017 to 2022 and Business Plans 2017/18 for both ACHA and AHFA, along with the supporting financial information and associated reports. We will provide feedback on this by the end of August 2017.
2. ACHA will also provide:
 - copies of its Board and Audit minutes as they become available;
 - confirmation of its final decision on the future of the Torlochan Gypsy/Traveller site;
 - by 31 October 2017, an update on its development projects, including funding plans, timescales, completions and any material delay or changes;
 - by 30 November 2017, six month management accounts for its subsidiary AHFA; and
 - by December 2017, an update on progress with its asset management plan.
3. We will:
 - by the end of August 2017, meet the Chair and senior staff to discuss the financial projections, the Corporate Strategic Plan and the risks and challenges facing the business including Gypsy/Traveller issues and rent restructuring;
 - review the minutes of the governing body and audit committee meetings; and
 - engage with ACHA as necessary about any disposals related to its asset management proposals.
4. 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 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 Argyll Community Housing Association Ltd is:

Name: Janet Dickie, Regulation Manager
Address: Buchanan House, 58 Port Dundas Road, Glasgow, G4 0HF
Telephone: 0141 242 5550

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.