

## Regulation Plan

This Regulation Plan sets out the engagement we will have with Berwickshire Housing Association. Our *Guide to How We Regulate* explains more about our assessments and the purpose of this Regulation Plan.

### Regulatory profile

Berwickshire Housing Association (BHA) was formed as a registered social landlord (RSL) in 1995 following the transfer of Berwickshire District Council's housing stock. It has charitable status, owns around 2290 properties including 549 non housing units located in the Berwickshire area and employs approximately 52 people. BHA's turnover for the year ended 31 March 2010 was approximately £6.3 million.

Now that HomeHunt Ltd has been sold BHA has two subsidiary companies: Berwickshire Ltd and Seton Care Ltd which are both undertaking significant projects. The RSL is proposing to swap assets between the RSL and its subsidiary Berwickshire Ltd. BHA's aim is to maximise benefit to the RSL and we are engaging with it about these proposals. In light of its subsidiary activities we have asked for additional business planning information to assess the impact of these on the RSL.

We inspected BHA in March 2009 and published our inspection report in July 2009. The RSL achieved a 'C' grade overall, which indicates a fair performance. We will receive the final report on the improvement plan in October 2011.

We have also been engaging with Berwickshire over its business planning and efficiency proposals and have received assurance about these.

### **Our engagement with Berwickshire Housing Association - Medium**

1. BHA should send us:
  - by the end of June its Group business plan including scenario planning and sensitivity analysis of key business planning assumptions.
  - by the end of June revised business plans for the unregistered subsidiaries to let us fully understand their contribution to and impact on the RSL.
  - the final report on the improvement plan by October 2011.
  - By the end of August 30 year projections demonstrating continued viability and ability to meet lenders covenants.
2. We will provide feedback to BHA on both the revised business plan and improvement plan by the end of November 2011.
3. BHA should continue to 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; 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 guides to how we regulate, inspect, and intervene and other relevant statistical and performance information, can be found on our website at [www.scottishhousingregulator.gov.uk](http://www.scottishhousingregulator.gov.uk).

Our lead officer for Berwickshire HA 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.