

## Berwickshire Housing Association Ltd

**28 March 2013**

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

### Regulatory profile

BHA was registered as a social landlord in 1995 following the transfer of Berwickshire District Council's housing stock. It has charitable status, owns around 1,770 homes and 544 non housing properties located in the Berwickshire area and employs 46 full time equivalent people. BHA's turnover for the year ended 31 March 2012 was approximately £6.6 million.

BHA has three subsidiaries; BHA Enterprise Ltd (formerly Berwickshire Ltd); Seton Care which now has charitable status and carries out all care activities; and BHA Software Support Ltd. BHA is in the process of striking off BHA Software Support Ltd from Companies House register and dissolving the company which it anticipates will be complete by the end of June 2013.

BHA Enterprise Ltd holds a two thirds members contribution in Berwickshire Community Renewables LLP established in partnership with Community Energy Scotland Trading Ltd (CEST) to own, develop and manage a wind farm project.

During 2012/13 we reviewed BHA's financial projections and gained assurance about its strategic management and controls. BHA is aware of the potential impact of welfare reform and we need to understand how this might impact on income and costs.

BHA Group's aim is to maximise benefit to it from subsidiary activity. It continues to have a small development programme and hopes it can benefit from subsidiary activities in the future.

### Our engagement with BHA – Medium

In light of BHA's subsidiary activities we will have medium engagement with it during 2013/14.

1. BHA will:

- continue to keep us informed about progress with its care home and associated development options, wind farm proposals and other subsidiary projects it is exploring;
- send us its 30 year financial projections in November for BHA Group including income and expenditure account, balance sheet and cash flow statements, sensitivity analysis and covenant calculations and results;
- send us, in November, its subsidiaries management accounts as at 30 September 2013; and
- provide us with details of progress and measures to be put in place to manage welfare reform changes and how this will impact on income and costs.

2. We will:
  - meet senior staff in December to provide feedback on the financial information, discuss subsidiary activities and the challenges facing the Group.
3. BHA 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; 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](http://www.scottishhousingregulator.gov.uk).

Our lead officer for BHA 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.