

Bield Housing and Care

31 March 2015

This Regulation Plan sets out the engagement we will have with Bield Housing and Care (Bield) during the financial year 2015/16. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Bield was registered as a social landlord (RSL) in 1975 after being established in 1971. It owns and manages 4,399 houses and provides factoring services to a further 698. Most of its houses are part of retirement housing developments and it also has 218 care units. It has charitable status and employs 816 full time equivalent staff. Its turnover for the year ended 31 March 2014 was just under £43.3 million. Bield is also considering establishing a subsidiary to provide housing for sale.

Systemic importance

Our regulatory framework highlights that a small number of RSLs have a profile in terms of stock size, turnover, size of debt or geographic importance that means we need to ensure we have developed a comprehensive understanding of their business model and how it is being operated. We refer to these organisations as systemically important and seek some additional assurances through our published regulation plans.

During 2014/15 we reviewed Bield's financial returns to gain the assurance we need. Bield is now in the final year of its five year business change process (Bielding the Future). It is implementing ICT and policy changes to support this. As part of this process it is reviewing its Care Services provision and has almost completed the implementation of its revised retirement housing model. The revised service includes an enhanced housing and property management service and access to a tenancy sustainment service. The organisation is also considering its asset management strategy and options for some stock which is less popular or in need of improvement to meet modern standards. Bield's Board has agreed an action plan for progressing roll out and subsequent evaluation.

We will continue to engage with Bield around its planned business change programme, investment activities and financial capacity. Bield is a member of the English social housing pension scheme SHPS. The triennial valuation of the scheme will be available in May 2015.

Bield has a small on-going development programme which will deliver new homes for social rent and shared ownership. Bield plans to increase its development programme over the next five years and fund this from sales and support from the Scottish Government.

Our engagement with Bield – Medium

Given Bield's turnover, we consider it to be systemically important and need to understand how it plans to manage the key risks facing it and the impact these will have. We will have medium engagement during 2015/16 because of this, its change programme and to gain assurance about the impact of its development activities.

1. Bield will send us by 30 August 2015:
 - its approved business plan including commentary on results of sensitivity tests and risk mitigation strategies;

- 30 year financial projections consisting of income and expenditure statement, balance sheet and cash flow, including calculation of loan covenants and covenant requirements and including the implications of any changes to pension past deficit contributions;
 - sensitivity analysis which looks at key risks such as arrears levels and covenant compliance. We would also expect this to include analysis of a range of options for rent increases and inflation rates which demonstrate continuing affordability for tenants;
 - reports to the Board in respect of the 30 year projections and sensitivity analysis;
 - an update on the 'Bielding the Future' programme;
 - an update on its development activities, including future funding plans; and
 - its asset management strategy
2. Bield will also send us, quarterly from April 2015, its governing body and audit committee minutes.
3. We will:
- provide feedback on the business plan and financial projections in quarter three when we meet the Chair and senior staff to discuss the business change programme, asset management and the risks and challenges facing Bield; and
 - review the minutes of the governing body and audit committee meetings.
4. Bield 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
 - the Annual Return on the Charter.

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 Bield 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.