

Bield Housing & Care

31 March 2016

This Regulation Plan sets out the engagement we will have with Bield Housing & Care (Bield) during the financial year 2016/17. 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 4,296 houses and provides factoring services to a further 722. Most of its houses are part of retirement housing developments and it also has 218 care properties. It has charitable status and employs 820 full time equivalent staff. Its turnover for the year ended 31 March 2015 was just over £42.5 million. Bield is also considering establishing a subsidiary to provide housing for sale.

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 and the risks they face, so we seek some additional assurance through our regulation plans.

Given Bield's turnover, we consider it to be systemically important. We need to understand how it plans to manage the key risks it faces and the impact these may have.

We have reviewed the financial returns submitted by Bield in 2015/16 and we will continue to engage with it to gain further assurance on its plans for the future, funding of future developments and its ongoing financial health.

Bield is now nearing completion of its five year business change programme. 79 of its sheltered developments have transferred to a retirement housing model while four developments attached to Care Homes remain as sheltered housing. Bield commissioned an independent consultant to assess this change and received positive feedback. In the light of pending changes to funding Bield is focussing on re-modelling housing support and care services.

It has completed an asset management strategy and is focussing on IT systems to ensure ongoing management of the data and addressing issues in some of its poorer performing stock.

Following completion of the most recent stock condition survey Bield reported in its Annual Return on the Charter (ARC) that 378 properties fail the Scottish Housing Quality Standard (SHQS). Two thirds of these relate to kitchen facilities and 98 have now been brought up to the standard.

Bield has told us that over 90% of its properties already meet the Energy Efficiency Standard for Social Housing (EESH) in advance of the 2020 deadline.

Bield is a member of the English social housing pension scheme SHPS. Following the triennial review and consultation with staff, the Board approved closure of the final salary 60ths pension scheme to all staff from 1 April 2016.

Bield has an on-going development programme of new housing for social rent and shared ownership. Bield plans to increase its development programme over the next five years and fund this from sales and with support from the Scottish Government.

Our engagement with Bield Housing & Care – Medium

We consider Bield to be of systemic importance because of its turnover. In light of this, its review of care services, SHQS progress and its investment activities we will have medium engagement with it in 2016/17.

1. Bield will send us by 31 May 2016:
 - its approved business plan, including commentary on the results of its sensitivity tests and risk mitigation strategies;
 - 30 year financial projections consisting of statement of comprehensive income, statement of financial position and statement of cash flows, including a comparison of projected loan covenants against covenant requirements;
 - sensitivity analysis which considers the key risks including covenant compliance;
 - its reports to the Board in respect of the 30 year projections and sensitivity analysis; and
 - evidence of how it demonstrates affordability for its tenants.
2. Bield will send us an update on its development projects, including funding plans, timescales, completions and any material delay or changes, by 31 October 2016.
3. Bield will also send us:
 - its governing body and audit committee minutes, quarterly from April 2016;
 - updates on progress with properties failing SHQS by the end of September 2016 and February 2017;
 - advise us at key stages of progress with its review of housing support and care services;
 - update us on progress with sales at its St Andrews development by the end of September 2016 and the end of February 2017.
4. We will:
 - review governing body and audit committee minutes and liaise as necessary;
 - provide feedback on the business plan and financial projections by the end of July 2016 when we meet senior staff and the Chair to discuss its business model, strategy and the risks and challenges facing the organisation;
 - meet the Board and senior staff in January 2017 to review progress with asset management data and plans and Bield's review of its housing support and care services.
5. 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 financial statements and external auditor's management letter;
 - loan portfolio return;
 - five year financial projections; and
 - 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 Housing & Care is:

Name: Janet Dickie, Regulation Manager
Address: Europa Building, 450 Argyle Street, Glasgow, G2 8LG
Telephone: 0141 242 5500

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.