

## Bield Housing and Care

### 29 March 2018

This Regulation Plan sets out the engagement we will have with Bield Housing and Care (Bield) during the financial year 2018/19. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

### Regulatory profile

Bield was registered as a social landlord in 1975 after being established in 1971. It currently owns and manages 4,526 homes and provides factoring services to 887 owners across 23 local authority areas. Most of its homes are part of retirement housing developments. It also has 12 care homes which it is in the process of closing or transferring to new registered providers. Bield has charitable status and employs around 696 full time equivalent staff.

As at 31 March 2017 Bield's turnover for the year was £48.3 million and its debt per unit was £617.

### 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 how they manage the risks they face and the impact these may have. So we seek some additional assurance through our regulation plans. Given Bield's turnover we consider it to be systemically important.

### Engagement

During 2017 we engaged with Bield about its business strategy to gain assurance about outcomes for service users and to understand the risks and challenges facing its business. Four of Bield's 12 care homes will transfer to other providers during 2018/19 and the remaining eight homes will close.

We reviewed the business strategy and the supporting financial information we received and gave Bield feedback on this. We met with senior staff and the Board to discuss the risks and challenges facing the organisation and we engaged with Bield about its broader business change programme including its review of care services; the implications for its staffing structure; its review of rents and service charges and its ongoing work to demonstrate affordability to tenants.

We also discussed progress with the Scottish Housing Quality Standard (SHQS) and Bield has reduced the number of homes failing SHQS to 100. We monitored progress with sales at its St Andrews development and discussed a proposed new shared ownership development in Lenzie.

## **Our engagement with Bield Housing and Care in 2018/19 – Medium**

We will engage with Bield because it is systemically important and to gain further assurance about its service remodelling, development and investment activities and rent affordability work.

1. Bield will send us by 31 May 2018:
  - its refreshed business strategy and the report to the Board;
  - 30 year financial projections consisting of statement of comprehensive income, statement of financial position and statement of cash flow complete with assumptions and explanatory narrative;
  - financial sensitivity analysis which considers the key risks, the mitigation strategies for these risks and a comparison of the resulting covenant calculations with the actual current covenant requirements;
  - the report to the Board in respect of the approved 30 year projections, sensitivity analysis and covenant compliance; and
  - the report to Board on organisational restructure including the timetable for implementation.
  
2. Bield will also send us:
  - copies of its Board and audit committee minutes as they become available;
  - monthly updates on progress with care home transfers and closures and care service remodelling;
  - monthly reports on progress with sales and planning applications at the St Andrews development;
  - by December 2018 evidence of how it demonstrates affordability for its tenants; and
  - by 31 January 2019 an update on progress with SHQS.
  
3. We will:
  - liaise as necessary on the care home closures and service remodelling;
  - review the minutes of the Board and audit committee meetings and liaise as necessary;
  - meet with Bield's Board and senior staff in quarter two of 2018/19 to discuss the business plan, the financial information and any risks to the organisation;
  - review Bield's development update in quarter three of 2018/19; and
  - provide feedback on Bield's work on rent affordability in quarter four of 2018/19.
  
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 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](http://www.scottishhousingregulator.gov.uk).

Our lead officer for Bield Housing and Care 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.