

Cairn Housing Association Ltd

4 April 2012

This Regulation Plan sets out the engagement we will have with Cairn Housing Association Ltd (Cairn) during the financial year 2012/13. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Cairn became a registered social landlord (RSL) in 1990. It has charitable status and employs a full time equivalent of around 159 staff. It operates in 23 local authority areas and has five local offices throughout Scotland, from Thurso and Inverness to the central belt; with headquarters in Edinburgh. It owns and manages around 3400 houses and provides factoring services for a further 2092 homes. It has one subsidiary, Cairn Homes and Services Ltd. Cairn has grown through transfers of engagements from other RSLs, transfers of stock, and through its development activity. Its turnover for the year ended 31 March 2011 was in excess of £14.6 million.

Cairn has recently recruited a new Chief Executive and there have been a number of recent changes in the membership of the Board of Management. Following an independent report commissioned by Cairn and a governance review it is implementing a number of changes to its governance and systems of control.

Cairn continues to have development plans but is also now focusing substantial investment on improving its existing homes to meet the Scottish Housing Quality Standard (SHQS) by 2015. It has an Asset Management Strategy and a fully operational centralised asset database management system to inform and deliver the investment programme.

We will want to see its revised business plan to gain assurance about its strategic direction and continued capacity to meet its SHQS programme.



Our engagement with Cairn Housing Association – Medium

In light of Cairn's governance and investment activities we will continue to have a medium level of engagement during 2012/13.

1. Cairn will send us:
 - its updated business plan including 30 year financial projections, cashflows, sensitivity analysis, covenant calculations and scenario planning;
 - the business plan for Cairn Homes and Services Ltd by the end of September 2012 so that we can fully understand its contribution to and impact on the RSL; and
 - an update on progress with SHQS as at the end of December 2012 when this is available.

2. We will:
 - review progress with SHQS when we see the APSR in June;
 - meet senior staff in quarter two to provide feedback on the business plans and discuss progress with governance plans and SHQS compliance; and
 - review SHQS progress in quarter four and liaise as necessary about our findings.

3. Cairn 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.

Our lead officer for Cairn 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.