

## Cairn Housing Association Ltd

### 29 March 2018

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

### Regulatory profile

Cairn was registered as a social landlord in 1990. Cairn currently owns and manages 3,252 homes and provides factoring services to 794 owners across twenty four local authority areas. It has charitable status and employs around 179 people.

Cairns has one unregistered subsidiary, Cairn Homes and Services Limited, which delivers mid-market rent services for Cairn.

Cairn is currently in the process of entering into a constitutional partnership with ANCHO Ltd.

As at 31 March 2017 Cairn's turnover for the year was £16.3 million and its debt per unit was £13,990.

### Engagement

Cairn is progressing a constitutional partnership with ANCHO and we will liaise with Cairn as necessary during 2018/19 as it progresses its proposals with ANCHO Ltd.

Cairn also has an on-going development programme of new housing for social rent and receives significant public subsidy to help achieve this. Cairn recently decided to considerably increase its development programme over the next five years. As a result, the number of affordable homes provided by Cairn will increase by around a fifth during this period.

### **Our engagement with Cairn Housing Association Ltd in 2018/19 – Medium**

We will engage with Cairn because of its large development programme and as it develops its partnership proposals with ANCHO Ltd.

1. Cairn will send us by 30 June 2018:
  - its approved business plan;
  - 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;
  - report to the Board in respect of the approved 30 year projections, sensitivity

- analysis and covenant compliance; and
  - evidence of how it demonstrates affordability for its tenants.
2. Cairn will send us an update on its development programme by 31 October 2018. This will include details of the units and tenure types to be delivered, timescales, completions and any material delays or changes to the programme.
  3. We will:
    - meet with Cairn's senior staff to discuss the business plan and financial projections provided;
    - review Cairn's development update in quarter three of 2018/19; and
    - engage with Cairn as necessary on its partnership proposals with ANCHO Ltd.
  4. 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 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 Cairn Housing Association Ltd is:

Name: Peter Freer, Regulation Manager  
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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.