

Cassiltoun Housing Association Ltd

31 March 2015

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

Regulatory profile

Cassiltoun was registered as a social landlord (RSL) in 1985. It owns and manages 994 homes and provides factoring services to a further 135 owners in the Castlemilk area of Glasgow. It has charitable status and employs 23 people. Its turnover for the year ended 31 March 2014 was just over £3.7 million.

Cassiltoun has two unregistered subsidiaries. Cassiltoun Trust is a regeneration project which aims to conserve local buildings and the environment and also provide employment opportunities. Cassiltoun Stables Nursery is a relatively new organisation and since 2012 has been working to establish itself as a viable local childcare provider.

We have reviewed Cassiltoun and its subsidiaries financial returns and will engage with it to get a better understanding of the relationship between the subsidiaries and Cassiltoun, and the potential impact on the parent organisation.

Our engagement with Cassiltoun – Medium

We will have medium engagement with Cassiltoun in 2015/16 to gain a better understanding of the relationship and impact of the subsidiaries on the parent.

1. By 30 June 2015 Cassiltoun will send us 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;
 - 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; and
 - reports to the Board in respect of the 30 year projections and sensitivity analysis.
2. By 30 June 2015 Cassiltoun will also send us information about its subsidiaries:
 - Cassiltoun Stables Nursery's and Cassiltoun Trust's budget for 2015/16;
 - five year financial projections for Cassiltoun Stables Nursery and Cassiltoun Trust consisting of income and expenditure statement, balance sheet and cash flow, including calculation of any loan covenants and covenant requirements;
 - sensitivity analysis which looks at key variables such as fee levels and occupancy rates for Cassiltoun Stables Nursery and variations in usage levels of facilities for Cassiltoun Trust;
 - the reports to the Board in respect of the five year financial projections and

- sensitivity analysis for both subsidiaries; and
 - copies of board minutes from Cassiltoun Housing Association where provision of non-repayable grant to Cassiltoun Stables Nursery was discussed in both 2013/14 and 2014/15 financial years.
3. By 31 October 2015 Cassiltoun will send us:
 - 6 month management accounts for Cassiltoun Stables Nursery.
 4. By the end of quarter two we will:
 - provide feedback on the business plans and projections for Cassiltoun and its subsidiaries.
 5. Cassiltoun 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 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 Cassiltoun 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.