

Castlehill Housing Association Ltd

28 March 2013

This Regulation Plan sets out the engagement we will have with Castlehill Housing Association Ltd (Castlehill) during the financial year 2013/14. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Castlehill was registered in 1970. It owns and manages 1,759 houses and provides factoring services to 13 owners across 3 local authority areas in the north east of Scotland. It has charitable status and employs around 92 people. It has two non-registered subsidiaries Grampian Community Care Charitable Trust Ltd and Castlehill Solutions Ltd. Its turnover for the year ended 31 March 2012 was just over £10.5 million.

We have assessed Castlehill's performance against key service quality measures. Castlehill's reported performance for emergency repairs completed on time is poor and deteriorating. The time it takes to re-let empty houses is poor although the overall trend is improving. We have previously highlighted our concerns to Castlehill about its performance on re-let times.

We have reviewed Castlehill's financial returns and need to engage with it to get an update on its business plan, subsidiary activity, its progress with auto enrolment and its plans to manage the welfare reform changes including the impact on income, costs and assumptions for arrears and bad debts.

Our engagement with Castlehill – Medium

We will have medium engagement with Castlehill in 2013/14 to gain a higher level of assurance about its service quality and subsidiary activity.

1. We will discuss with Castlehill how we obtain assurance about service quality and depending on the outcome of this engagement we may review our future regulatory engagement with it.
2. By 30 September 2013 Castlehill will send us business plans and projections for it and its two subsidiaries including 30 year projections, consisting of income and expenditure statement, balance sheet and cashflows, plus sensitivity analysis and covenant calculations and results.
3. By 30 September 2013 Castlehill will send us an update on:
 - its progress with auto enrolment; and
 - its plans to manage welfare reform including the impact on income, costs and assumptions for arrears and bad debts.

4. Castlehill 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 performance and governance for Castlehill is:

Name: Lynn Sweeney, Regulation Manager
Address: Highlander House, 58 Waterloo Street, Glasgow, G2 7DA
Telephone: 0141 305 4171

Our lead officer for business planning for Castlehill is:

Name: Janet Dickie, Regulation Manager
Address: Highlander House, 58 Waterloo Street, Glasgow, G2 7DA
Telephone: 0141 305 4115

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.