

Castlehill Housing Association Ltd

28 March 2014

This Regulation Plan sets out the engagement we will have with Castlehill Housing Association Ltd (Castlehill) during the financial year 2014/15. 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 1,619 houses across 3 local authority areas in the north east of Scotland and provides factoring services to 16 owners. It owns four other non-housing units. It has charitable status and employs around 92 people. Castlehill has a small development programme which will deliver homes for social rent and mid-market rent.

It has two non-registered subsidiaries, Grampian Community Care Charitable Trust Ltd and Castlehill Solutions Ltd. Its turnover for the year ended 31 March 2013 was just over £8.6 million.

We engaged with Castlehill during 2013/14 to gain assurance about its performance in completing emergency repairs on time and the time it takes to relet empty properties. Performance in completing emergency repairs on time has improved. Castlehill is also introducing a new IT system which will help it analyse relet performance and has set up a short term working group to review demand issues in some rural sheltered properties.

During 2013/14, we engaged with Castlehill to gain assurance on its business plan and the activities of its subsidiaries. Due to their on-going development plans and subsidiary activities, we will be seeking additional assurance on the impact of these on the business plan.

Our engagement with Castlehill – Medium

We will have medium engagement with Castlehill in 2014/15 to gain continued assurance about its service quality and development and subsidiary activities.

1. Castlehill will send us progress reports from the short term working group and its voids action plan once this is available.
2. Castlehill will also send us by the end of October 2014:
 - its approved business plan for both the RSL and its subsidiaries including commentary on the results of sensitivity tests and risk mitigation strategies;
 - 30 year projections for the RSL and its two subsidiaries consisting of the income and expenditure statement, balance sheet and cash flow, including covenant requirements and calculation of loan covenants and the related Board reports; and
 - sensitivity analysis which looks at the 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.
3. Castlehill will send us, by the end of November 2014, its half yearly management accounts and associated Board papers for both the RSL and the subsidiaries.

4. We will provide feedback:
 - on the working group findings and voids action plan; and
 - by the end of quarter three on the financial information we receive.

5. 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
 - the 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 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.