

East Lothian Housing Association Ltd

4 April 2012 - 13 December 2012

This Regulation Plan sets out the engagement we will have with East Lothian Housing Association Ltd during the financial year 2012/2013. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

East Lothian Housing Association (ELHA) registered as a social landlord in 1988. It has charitable status and employs around 30 full time equivalent staff. It owns and manages approximately 1230 properties in East Lothian and factors around a further 50. Its turnover for the year ended March 2011 was around £4.6 million.

ELHA has set up an unregistered subsidiary, R3 Repairs Ltd to provide maintenance services to its own and other RSLs' stock. It intends also to extend its services to the private sector.

We inspected ELHA in December 2012 and awarded it a 'B' grade, indicating a good performance. However we found weaknesses in its governance including its approach to senior staff remuneration and our report made a number of important recommendations. ELHA has agreed an action plan setting out how it would address the recommendations from our report. We will be reviewing progress of the action plans during 2012/13 and we will carry out an inquiry in Quarter 1 to follow up the salary review process.

ELHA's treasury management arrangements include free-standing derivatives (FSDs) and we will liaise with it to gain assurance about any effect that these might have on its financial position.

We reviewed ELHA's progress in meeting the Scottish Housing Quality Standard (SHQS) by 2015. Based on the information it submitted in its APSR return in June 2011, it has plans to achieve the standard. Over 50% of its total investment spend on SHQS is planned for the two years before 2015. We will review its progress towards SHQS when we receive its APSR in June 2012.

ELHA has been a moderately large developer of social housing in East Lothian and received high levels of public subsidy to achieve this. It is reviewing its development activity due to reduced availability of grant funding.

During 2011 we reviewed ELHA's APSR return. It reported that its performance for collecting current tenants' rent and for tenants owing more than 13 weeks rent was poor compared to the rest of the sector overall.



Our engagement with East Lothian Housing Association - Medium

We will continue to have medium engagement with ELHA in 2012/13 in light of the issues identified in our inspection report.

1. ELHA will keep us informed about its progress implementing the improvements detailed in the action plan. And we will carry out an inquiry early in Quarter 1 to follow up on the staff remuneration process issues identified in our inspection report.
2. ELHA will send us copies of its Committee reports that monitor progress with FSDs.
3. When we receive ELHA's 2011/12 APSR return at the beginning of June we will:
 - review ELHA's performance with collecting current tenants rent and for tenants owing more than 13 weeks rent; and
 - review its progress towards SHQS.
4. ELHA 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 East Lothian Housing Association is:

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| Name: | Joyce Stewart, Support and Intervention 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.